

From: [KONDAYEN Kate * GOV](#)
To: [EDLUND Tina * GOV](#); [DEMCHAK Victoria * GOV](#)
Subject: FW: Behavioral health questions
Date: Thursday, March 1, 2018 10:10:02 AM
Attachments: [New Investment Report.pdf](#)

Will try to track down info on when they expect this story to drop, and some other context that would be helpful.

Kate Kondayen
Press Secretary
Office of Governor Kate Brown
O: 503.378.6496 | M: 503.689.0248

From: Cowie Robb <robb.cowie@state.or.us>
Date: Thursday, March 1, 2018 at 9:44 AM
To: KONDAYEN Kate * GOV <Kate.KONDAYEN@oregon.gov>
Subject: FW: Behavioral health questions

FYI ...

From: England Saerom Y
Sent: Wednesday, February 28, 2018 3:09 PM
To: GFriedman@oregonian.com
Cc: Cowie Robb <ROBB.COWIE@dhsosha.state.or.us>
Subject: Behavioral health questions

Hi Gordon,

Hope you're doing well! Robb asked me to help you with the questions you sent last week. Here are our responses. Please let me know if you have any other questions.

What programs exist that provide outpatient competence restoration services, the number of existing beds, and expenditures on those programs. An example of this kind of program would be "forensic diversion" in Multnomah County.

Currently all counties are required to provide community based restoration services to individuals that the judge places in the community for restoration services. What these services include, how they are provided, and other details are determined by each county individually. The Community Mental Health Program should be involved prior to an individual being placed at OSH by completing a community consultation and providing a report to the court to assist in the courts decision making process. We have 866 licensed community residential beds statewide. This number includes secure residential facilities, residential treatment facilities and homes. It does not include licensed adult foster homes.

Six counties (Douglas, Klamath, Lane, Marion, Multnomah, and Washington) receive regular monthly funding for Aid and Assist community restoration services totaling \$4,749,321.23 for the 17-19 biennium. The other 30 counties are reimbursed when they provide restoration services and submit an invoice for a qualifying expense. This comes from a pot of funds totaling \$687,926.66 for the 17-19 biennium.

What programs OHA administers that bring the state into compliance with Olmstead and settlements between the state and USDOJ that require placement of patients in the most integrated setting possible, and expenditures on those programs.

Under the USDOJ agreement, OHA provides peer-delivered services, supported housing, crisis services, criminal justice diversion, etc. You can read in more detail about the USDOJ Oregon Performance Plan here: <http://www.oregon.gov/oha/HPA/CSI-BHP/Pages/Oregon-Performance-Plan.aspx>. I am also attaching the New Investment Report from December 2016, which outlines the investments the Legislature made in the last two biennia to the Oregon Performance Plan (\$60 million in 2013-2015, and \$22 million in community mental health). We also received an additional \$15 million in the 2017-2019 biennium for mobile crisis services and supported housing.

Evidence of OHA's enforcement of mental health parity laws, and reports on enforcement of mental health parity laws in Oregon

OHA has requested and received an extension from Centers for Medicare & Medicaid Services (CMS) for the mental health parity analyses and expects to meet their current deadline of June 30, 2018. These analyses will cover the entire Oregon Medicaid system including 15 Coordinated Care Organizations and the fee-for-service delivery system. An OHA compliance unit will be charged with ensuring compliance with CFR-2333-F, the federal regulations outlining the application of the 2008 Mental Health Parity and Addiction Equity Act (MHPAEA) to Medicaid managed care organizations (CCOs in Oregon) and the Children's Health Insurance Program (CHIP). DCBS is responsible for Commercial Insurance MH Parity compliance.

Saerom England
Strategic Communications Officer
Oregon Health Authority
971-239-6483

Analysis

Item 14: Oregon Health Authority

Behavioral Health Investments

Analyst: Linda Ames

Request: Acknowledge receipt of a report on the new investments for behavioral health.

Recommendation: Acknowledge receipt of the report.

Analysis: The Legislature has made significant investments in behavioral health services during the last four years. The agency report focuses on specific new investments, including almost \$60 million during the 2013-15 biennium, and another \$22 million for new investments in community mental health and \$6 million for addictions services to the Oregon Health Authority (OHA) for the 2015-17 biennium. A more inclusive analysis, including investments related to caseload increases, inflationary increases, roll-up costs, funding that was redirected to programs after the ACA expansion, and bond resources for housing to serve those with behavioral health needs, adds to a total of over \$100 million of additional program funding in each of these biennia.

OHA administered these investments with an emphasis on accountability and system integration. Many of the investments were allocated based on a competitive grant process, and grantees have included coordinated care organizations, Oregon's tribes, Community Mental Health Programs, and numerous other providers.

The agency reported on the new 2015-17 investments at the September 2015 meeting of the interim Joint Committee on Ways and Means. However, this new report is more inclusive and in-depth, including investments made during both biennia. It also provides more data on program outputs and outcomes. These new investments and their outcomes will continue to be closely monitored by the U.S. Department of Justice as a part of the recent Oregon Performance Plan. With this three-year plan, Oregon commits to increasing the number of people with serious mental illness who are supported in the community, to avoid incarceration and unnecessary hospitalization, and to expand services and supports that enable people to live successfully integrated into the community.

The information contained in this report will be particularly useful to understand what has already happened in the system as program and funding options are discussed during the up-coming biennium. However, this report does not provide an analysis of remaining program and funding gaps in the system. This is work that remains to be done, and may be partly addressed when the Behavioral Health Collaborative brings forward their recommendations for the behavioral health system. This is expected in the next couple of months.

The Legislative Fiscal Office recommends acknowledging receipt of the report on the new investments for behavioral health.

14
Oregon Health Authority
MacDonald

Request: Report on the implementation of behavioral health investments made in 2015-17, how the investments address gaps in the current behavioral health system, the community partnerships supporting the investments, progress made to-date, and the expected or actual outcomes.

Recommendation: Acknowledge receipt of the report.

Discussion: The 2015-17 budget for the Oregon Health Authority (OHA) includes an investment of \$22 million in General Fund and Tobacco Tax revenue for Oregon's mental health system and an additional \$6 million General Fund for new addictions treatment and recovery support. The budget report for Senate Bill 5526 (2015) requires the agency to report on these investments pursuant to the following budget note:

The Oregon Health Authority will report to the Joint Interim Committee on Ways and Means in September 2015 on their plan for investing the new resources in mental health and addictions, the process being used, and progress to date. The agency will report again during the 2016 legislative session on the implementation of the program investments, including details of the specific program investments, how these investments address gaps in the current system, community partnerships supporting these investments, progress to date, and expected or actual outcomes.

For the \$22 million investment in mental health services in the 2015-17 biennium, the budget report provides specific allocations for crisis services, jail diversion, peer-delivered services, and the Oregon Psychiatric Access Line for Kids. The budget report also allocates portions of the \$6 million in addictions services to support one-time startup costs of sobering facilities in Douglass County and Grants Pass. The total \$28 million in new investments in 2015-17 builds on nearly \$60 million in new investments provided to the community mental health system in 2013-15.

OHA reported to the September 2015 Joint Interim Committee on Ways and Means a high-level plan for investing the 2015-17 new investments. The agency's current report provides more extensive information about the investments in both biennia. An important component of the new investments relates to categories of interest for the United State Department of Justice (USDOJ) Performance Plan. The overarching goal of this plan is to help individuals with mental illnesses avoid intensive and restrictive environments, such as state hospital institutions and intensive residential services.

The agency's report does not explicitly discuss how the investments address gaps in the current system, as requested in the budget note. The report, however, identifies intended outcomes of the investments, such as improving function for children with behavioral issues, responding proactively to avoid unnecessary incarceration and hospitalization, and promoting better inter-agency partnerships.

In addition to the new investments in 2015-17, OHA has placed a high priority on improving the overall behavioral health system through the Behavioral Health Collaborative. This initiative reflects a series of meetings held from July through December 2016 with behavioral health

leaders across the state to identify how to further improve the state's behavioral health system with a focus on cross-agency collaboration and improved health outcomes. The new investments in both 2013-15 and 2015-17 raise questions as to what the adequate funding level is for non-Medicaid mental health services. The Behavioral Health Collaborative and the work still needed to identify the remaining gaps in the behavioral health system will help inform that discussion for future budget years.



OFFICE OF THE DIRECTOR

Kate Brown, Governor

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November 3, 2016

The Honorable Senator Peter Courtney, Co-Chair
The Honorable Representative Tina Kotek, Co-Chair
State Emergency Board
900 Court St, NE
H-178 State Capitol
Salem, OR 97301-4048

Re: Oregon Health Authority (OHA) report on New Mental Health and Addiction
Service Investments

Dear Co-Chairpersons:

NATURE OF REQUEST

The Oregon Health Authority (OHA) requests acknowledgement of this report on the mental health and addiction services investments allocated during the 2015 Legislative Session in response to a budget note included in the agency's 2015-17 biennial budget bill.

AGENCY ACTION

The 2015-17 Legislatively Adopted Budget made a number of new investments in both community mental health and addiction services. Per a budget note in Senate Bill 5526 (2015), the OHA is reporting on the implementation of the program investments, including details of the specific program investments, how these investments address gaps in the current system, community partnerships supporting these investments, progress to date, and expected or actual outcomes.

This report summarizes progress made by the OHA Health Systems Division toward maintaining and overseeing the investments in the community behavioral health system that were made during the 2013 legislative session and implementing the additional investments made during the 2015 legislative session.

The purpose of the new investments is to fill gaps in the mental health and addictions system and promote the health and wellness of children, youth, adults, and our communities.

2013 Investments and Outcomes:

OHA Health Systems Division is administering these investments with an emphasis on accountability, outcomes and system integration. The new investments provide an opportunity for the Oregon Health Authority to work with new partners and respond to the changing landscape of behavioral health and the advent of CCOs. OHA is committed to building strong partnerships among CCOs, Community Mental Health Programs (CMHPs), people in recovery, consumers, and service providers. Several of these investment categories received additional funding during the 2015 Legislative session, as well as the initial funding from 2013.

Outcomes measured thus far indicate progress toward OHA's investment goals to:

- Improve child functioning and parenting responses for young children who are identified early with behavioral issues;
- Respond proactively along the criminal justice continuum to avoid unnecessary incarceration and hospitalizations;
- Promote better inter-agency partnerships among local child and family serving entities;
- Build additional capacity to screen and provide interventions at all levels where supports are needed;
- Provide an opportunity for tribes who had not yet implemented mental health services to meet the growing needs among the populations they serve;
- Increase the workforce so that more help is available to children, families and individuals; and,
- Increase the knowledge base and equip practitioners who are implementing evidence-based practices and assisting people who have experienced psychological trauma.

2015 Investments:

Jail Diversion - \$6.5 million

Eighteen jail diversion programs received Mental Health Investment funding and

from January 1, 2015 to December 31, 2015, individual data was submitted on 5,864 clients. While programs vary across the state, the 5,864 individuals received services that included individual and group therapy, peer- delivered services, referrals to outside community resources, respite services, and case management.

Crisis Services - \$7 million

Sixteen CMHPs submitted proposals to provide services in 20 counties; nine proposals for new funding and seven for supplemental funding. Only two of the proposals did not include mobile crisis services with supplemental crisis respite services. Two programs proposed utilizing the funding to staff crisis respite facilities (YHSDill and Jefferson regional approach serving Jefferson, Crook, and Deschutes).

Rental Assistance - \$8.3 million

As of February 2016, twenty-one Rental Assistance Programs are in operation offering 972 housing slots in every county in the state of Oregon. Beginning in October 2016, an additional seven Rental Assistance Programs for Veterans and Young Adults will begin operation offering an additional 152 housing slots. With the October program addition, the total Rental Assistance housing slots will reach 1154 throughout the state.

Results from the original twenty Rental Assistance programs have steadily grown from 47% during January-March 2015 quarter, to 84% in latest April-June 2016 quarter.

Oregon Psychiatric Access Line about Kids (OPAL-K) - \$1.5 million

OPAL-K has received over 1,200 calls from medical providers throughout Oregon, and has therefore reached its goal of receiving 1,000 calls by its 2nd anniversary in June 2016. 1231 medical providers have enrolled with numbers increasing daily. Many enrolled providers use this service on a regular basis and post-service surveys support user satisfaction.

Sobering Centers - \$1 million

With the \$1 million dollars in funding for this project, \$500,000 was provided to create a facility in Josephine County (Grants Pass, now operational), and an additional \$250,000 per facility has been set aside to create similar facilities in both Douglas and Klamath Counties. The Grants Pass facility is being operated by the Grants Pass Sober Center Board, a non-profit organization, and the proposed facilities in Klamath and Douglas counties will be operated by Klamath Basin Behavioral Health and Adapt, respectively.

Peer Delivered Services - \$1.5 million

Funds were allocated based on a competitive solicitation process and distributed to successful applicants in October 2016. Seven counties in three regions will develop the capacity to provide enhanced Peer Delivered Services (PDS) and technical assistance and training for PDS in Substance Use Disorder (SUD) recovery. They will provide technical assistance to regional partners, including behavioral health service programs, health professionals, CMHP or Local Mental Health Authorities (LMHAs), CCOs, interested consumers, family members, youth (under 17 years) and young adults (18 to 25), and those in recovery from mental health disorders, substance use disorders, and problem gambling within their respective service area.

ACTION REQUESTED

Acknowledge receipt of report.

LEGISLATION AFFECTED

None

Sincerely,

A handwritten signature in black ink, appearing to read "Lynne Saxton", with a long horizontal flourish extending to the right.

Lynne Saxton
Director

CC: Linda Ames, Legislative Fiscal Office
Tom MacDonald DAS Chief Financial Office

Investments in Community Behavioral Health

Health Systems Division REPORT

Prepared for the Oregon Legislature
Legislative Emergency Board
per House Bill 5526 (2015)
December 1, 2016



HEALTH SYSTEMS DIVISION

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Executive summary

This report summarizes the Oregon Health Authority's oversight of new investments in the state's community behavioral health system. The investments were initially made by the Legislature during its 2013 session, with additional investments approved by the 2015 session. OHA oversees these investments through its Health Systems Division (HSD).

The investments in the adult community mental health system have been guided by the 2007 "Community Services Workgroup Report." This workgroup was formed to address the State Hospital Master Plan's stipulation that the development of a new state hospital should be accompanied by funding for the community mental health system. The workgroup had broad stakeholder participation including consumers, legislators, law enforcement representatives, directors of community mental health programs (CMHPs), acute care hospitals, representatives of the National Alliance on Mental Illness in Oregon (NAMI Oregon) and county commissioners.

The workgroup identified services that constitute a responsive mental health system and estimated the resources it would need. It calculated the funding required to close the gap between existing resources and these comprehensive services, and spread those investments over four biennia.

The workgroup's report was provided to the Legislature and has formed the basis of the mental health investments since 2013. The strategy for making investments contemplated transformation efforts that have helped shape the health care system since the original workgroup report was developed, including the implementation of coordinated care organizations (CCOs) and the Affordable Care Act.

In 2013 an unprecedented investment was made in mental health services, with almost \$40 million going to the community mental health system. Specific services and system expansions focused on promoting community health and wellness, keeping children healthy and helping adults with mental illness live successfully in the community.

Building on these developments, as directed by the 2015 Legislature, additional investments included \$22 million in new community mental health services and \$6 million in new addiction services.

A majority of the new adult mental health investments relate to categories of interest for the United States Department of Justice (USDOJ) Performance Plan, effective July 1, 2016. Through these investments, Oregon will provide services and supports that help individuals with serious and persistent mental illnesses avoid intensive and restrictive

environments including Oregon State Hospital and intensive residential services. These new investments will also help individuals with mental health and substance use disorders avoid involvement in the criminal justice system.

The purpose of the new investments is to fill gaps in the mental health and addictions system and promote the health and wellness of children, youth, adults and our communities.

2013 Investments and outcomes

OHA Health Systems Division is administering these investments with an emphasis on accountability, outcomes and system integration. The new investments provide an opportunity for the Oregon Health Authority to work with new partners and respond to the changing landscape of behavioral health and the advent of CCOs. OHA is committed to building strong partnerships among CCOs, CMHPs, people in recovery, consumers, and service providers.

Several of these investment categories received additional funding during the 2015 legislative session, adding to the initial 2013 funding.

Outcomes measured thus far indicate progress toward OHA's investment goals to:

- 1) Improve child functioning and parenting responses for young children who are identified early with behavioral issues;
- 2) Respond proactively along the crisis and criminal justice continuum to avoid unnecessary incarceration and hospitalizations;
- 3) Promote better inter-agency partnerships among local child- and family-serving entities;
- 4) Build additional capacity to screen and provide interventions at all levels where supports are needed;
- 5) Provide an opportunity for tribes that had not yet implemented mental health services to meet the growing needs among the populations they serve;
- 6) Increase the workforce so that more help is available to children, families and individuals; and
- 7) Increase the knowledge base for practitioners in order to equip them to implement evidence-based practices for assisting people who have experienced psychological trauma.

The outcomes from these targeted investments have increased the capacity of Oregon’s behavioral health system to provide quality treatment and prevention services, improved health for thousands of clients, created partnerships with schools, corrections, primary care and others, and have increased the skill level of the behavioral health workforce.

Investments were made in the following areas:

Promotion and prevention

Promotion and prevention investments support the following goals:

- 1) Improve child functioning and parenting responses for young children who are identified early with behavioral issues;
- 3) Promote better inter-agency partnerships among local child- and family-serving entities;
- 4) Build additional capacity to screen and provide interventions at all levels where supports are needed;
- 6) Increase the workforce so that more help is available to children, families and individuals

This focus folds mental health promotion and prevention into the existing prevention system so communities can identify early indications of problems. Existing partners – including community mental health programs (CMHPs) and CCOs – were able to compete for grants.

Investment: \$4,120,000

Region Impacted: 20 Oregon Counties

Impact for Oregonians: Increased use of evidence based prevention strategies in communities which lead to reduction in substance use and other risky behaviors such as self-harm, gambling, bullying and suicide attempts.

Mental health promotion and prevention

The Mental Health Promotion and Prevention funds have been allocated to 18 projects in 20 counties. While each of the 18 projects is unique, many implemented consistent service models that include: Mental Health First Aid, Collaborative Problem Solving,

parenting programs, bullying prevention programs, suicide prevention programs, culturally specific services, and mental health promotion activities. In addition, two projects are designed to create and promote social marketing messages to reduce stigma and promote public awareness of mental health issues. In all, more than 22 FTE throughout Oregon have been funded for mental health promotion and prevention.

Child and young adult investments

Child and young adult investments support the following goals:

- 1) Improve child functioning and parenting responses for young children who are identified early with behavioral issues;
- 3) Promote better inter-agency partnerships among local child- and family-serving entities;
- 4) Build additional capacity to screen and provide interventions at all levels where supports are needed;
- 6) Increase the workforce so that more help is available to children, families and individuals
- 7) Increase the knowledge base for practitioners in order to equip them to implement evidence-based practices for assisting people who have experienced psychological trauma.

Investment: \$33,354,466

Region Impacted: All 36 Oregon counties; priority included increased resources for rural areas

Impact for Oregonians: More than 1000 children with early onset mental illness provided early intervention; 12 community hubs which provide services for youth and young adults; consultation and training provided to all 16 Oregon CCOs to ensure meaningful family involvement in behavioral health treatment of children; mental health specialists in school-based health centers provided to more than 650 students in 32 schools statewide; training in adolescent depression screening for 38 health care providers in 11 clinics; more than 1200 primary care physicians connected with specialty child psychiatric consultation; nearly 1,000 OSH staff have been trained in collaborative problem solving, leading to significant reduction in aggression and assaults by residents on the units

implementing CPS; development of statewide residential treatment service for commercially sexually exploited children; increased access to Parent Child Interaction Therapy in 16 counties across Oregon; more than 5,500 youth provided with comprehensive wrap-around services; more than 6,600 providers trained in strategies for reducing impact of adverse childhood events from a trauma-informed perspective; and development of a statewide resource for youth with co-occurring substance use disorders and mental illness.

In short, the investments in child and family services have strengthened the infrastructure of behavioral health services across the state, developed resources for the most vulnerable youth, and provided specialty treatment to thousands of children and families, improving their health and functioning.

Children's investments were used to develop statewide programs that emphasize prevention, early identification and intervention, and training and technical assistance for health care providers.

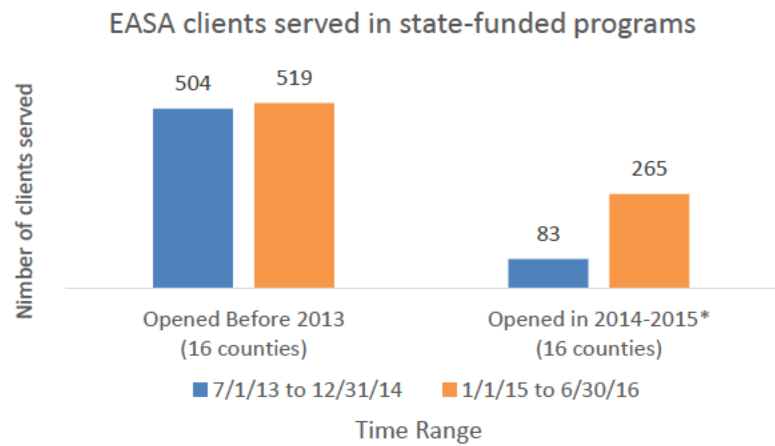
Early Assessment Support Alliance (EASA)

This investment expanded Oregon's Early Assessment and Support Alliance (EASA) statewide by adding an additional 16 sites. EASA is an intensive team-based early intervention service aimed at reducing or eliminating the progression of psychosis and bipolar disorders in individuals aged 12 to 25 regardless of health care coverage. Early identification and treatment is proven to help young adults with psychosis avoid higher levels of care and other costly social risks while learning how to successfully live in society while managing their disorder.

Additionally, this investment created the EASA Center for Excellence. The center trains professionals and provides technical assistance for each EASA provider. Over 673 staff have been trained and over 3,000 hours of technical assistance provided since 2014.

Expanded the EASA program statewide to provide young adults with early identification and treatment for psychotic disorders through new and amended contracts with current partners.

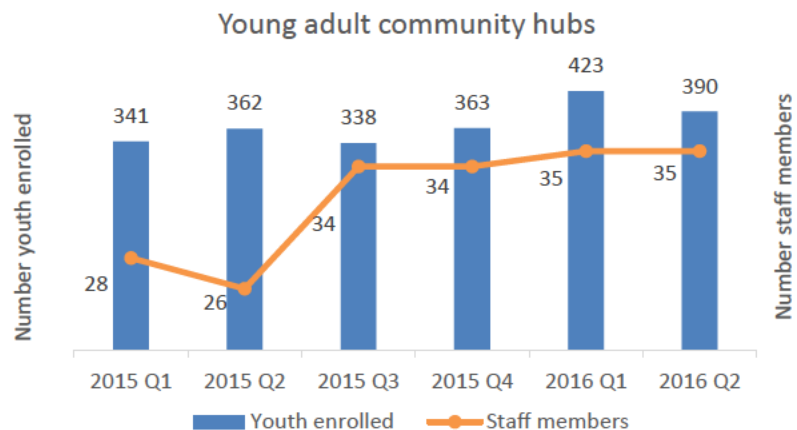
*Remaining four counties to be added in 2016-17



Young Adult Community Hub programs

Young Adult Hubs are an extension of the Early Assessment Support Alliance (EASA) programs providing community-based services and supports for young adults and to those individuals who may not qualify for EASA. Community hubs are based in 12 counties and have had 389 young adults in services as of June 2016. All young people, regardless of health care coverage, are eligible to access services through hub programs. Young adult hubs link vulnerable young people ages 14 to 25 and their families to interventions and supports that are peer- and strength-based, age-appropriate and culturally responsive. The programs offer community-based and culturally appropriate services and activities to build education and employment skills that meet the young person's individual needs. Young adult hubs specifically reach out to marginalized and vulnerable young adults with an emphasis on providing peer-to-peer services, improving positive and healthy connectivity to others, and increasing connections with community supports and services. Young adults receiving services through hubs are most likely to be connected to a prescriber, community mental health providers and schools. One of the most critical elements of hubs are their ability to provide a "warm handoff" or transition to services. This increases the likelihood that a young person will welcome and use services and supports they need into the future.

Provides statewide outreach and supports to young adults with mental health challenges who do not qualify for EASA.



Family and youth peer-delivered statewide leadership and training

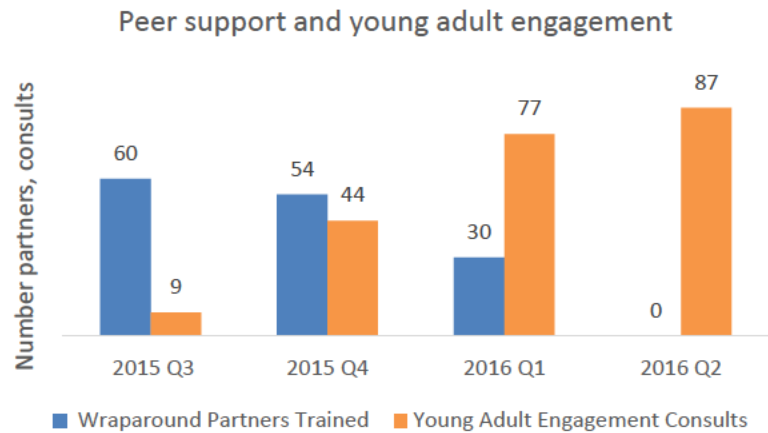
Young adult peer-delivered services and youth engagement

Youth M.O.V.E. Oregon (YMO) was founded in 2009. “M.O.V.E” stands for Motivating Others through Voices of Experience. It is a statewide peer-led organization devoted to helping young adults successfully transition into adulthood. Its mission is to unite and empower a diverse collective of young adults and assist them in creating personal, community and system change. These funds expanded the existing YMO contract to ensure statewide development of young adult peer-delivered services and meaningful youth engagement. YMO partners with OHA’s Health Systems Division to expand System of Care development and Wraparound. YMO trains and consults with CCOs and communities on meaningful youth engagement within policy, governance structures and at the local community level. In addition, YMO engages directly with youth to prepare them for participation in System of Care governance structures and as youth peer support partners in child and family teams.

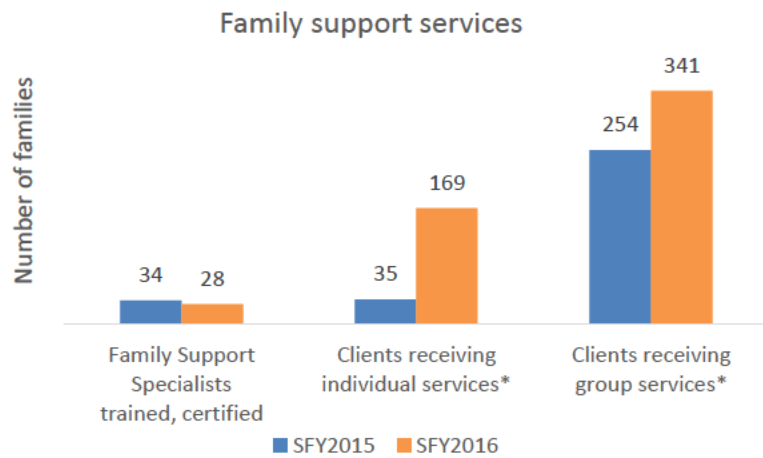
Family/parent peer-delivered support services

This investment expanded the contract with the Oregon Family Support Network (OFSN) to increase statewide peer support services. OFSN recruits, trains, employs and supervises family support specialists to provide peer-delivered services requested by family members who parent a child, youth or young adult experiencing behavioral health needs. Peer-delivered services help families understand the behavioral needs and services available for their children and help them navigate the multiple systems of services including primary health, behavioral health, social services and education. They also help families to prepare for and participate in service planning meetings, to access formal services and informal natural supports in the community and even best practices for everyday parenting from the perspective of someone with shared lived experience. With offices in Eugene, Salem and Bend, OFSN is able to provide services statewide. It also works alongside clinical professionals as the first point of contact for family members seeking assistance. In addition, all 16 CCOs receive consultation and training from OFSN to ensure meaningful family involvement in System of Care governance structures within the high-fidelity Wraparound process.

Increased peer-delivered supports and services for young adults throughout Oregon. HSD expanded the existing contract with the Oregon Family Support Network, with Youth M.O.V.E. as a subcontractor.



Increased peer-delivered supports and services to families of children with behavioral challenges. HSD expanded the existing contract with the Oregon Family Support Network (OFSN).



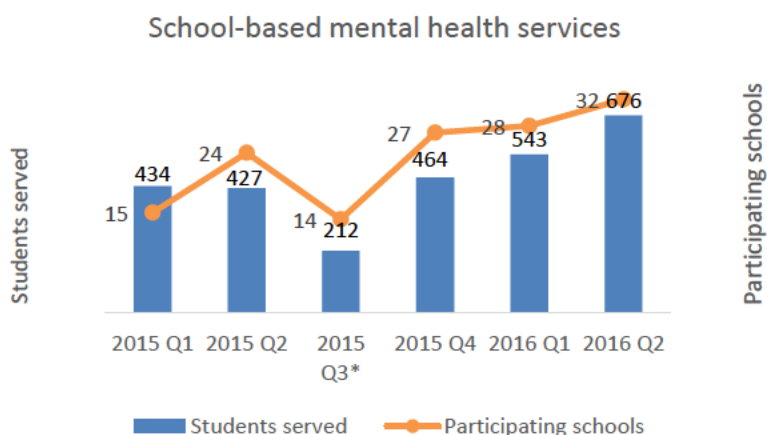
*Non-Medicaid individual and group services

School access to mental health services

These funds place mental health professionals in school-based health centers (SBHCs) and in schools without SBHCs. This integrated approach to mental health services co-located in schools is a collaboration among OHA's Health Systems Division and Public Health Division, the community mental health programs, and public schools. This investment created a Public Health Division mental health coordinator that has strengthened the infrastructure of school-based integrated health. School-based services are shown to increase access to physical health and mental health services as they reduce barriers such as location, transportation and stigma. In addition to providing services to individuals, mental health professionals positioned in schools train school staff and assist schools in screening for mental health issues; consult with and support school personnel; promote mental health and influence a positive school environment.

Enhanced the availability of mental health services to students by bringing professionals into schools and building on existing school-based infrastructure. HSD partnered with the Public Health Division and other state and local government and provider agencies, inclusive of rural and frontier communities, to distribute funds.

*Excludes participating schools that did not provide services during summer



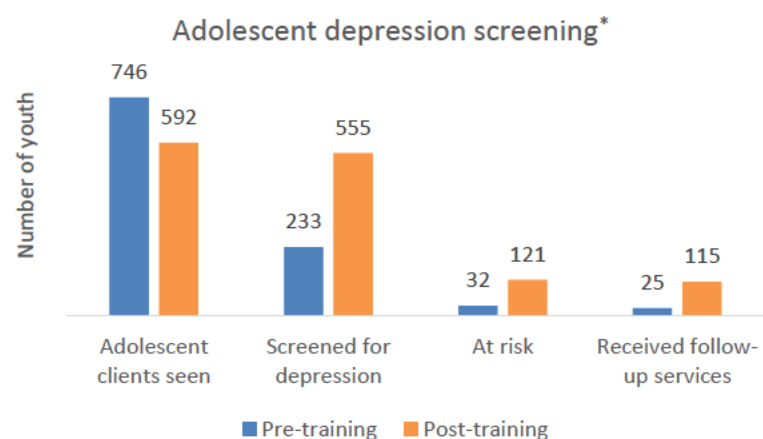
Adolescent depression screening

These funds were contracted to the Oregon Pediatric Society (OPS) to increase early detection and treatment of depression in young people statewide. It does this by integrating routine depression screening into primary care clinics. When young people are assessed for depression during routine doctor visits for physical health needs, mental health issues are more likely to be detected and treated early. OPS to date has trained 169 primary care providers and 148 clinic and school-based health center staff (in five school clinics) in their Adolescent Depression Module. Child and adolescent health providers trained include the Portland metro region and eight counties, stretching from Coos to Clatsop to Malheur.

Provider trainings included how to complete a depression screening tool, and signs and symptoms of depression in adolescents. The screening also included questions for initial assessment of suicide risk. Representatives of local behavioral health providers were invited to participate in a panel at each training to facilitate referrals between medical and behavioral health providers. Additionally, providers and clinic staff participated in a call-based learning collaborative to access additional training and implementation guidance. As a result of the training, the number of youth identified to be at risk of depression increased as did the number who received follow-up services.

Provides consulting for primary care providers on the use of an adolescent depression screening tool. HSD contracted with the Oregon Pediatric Society.

***Combined results for 38 providers (11 clinics) that received training and support through OPS during 2015-2016**

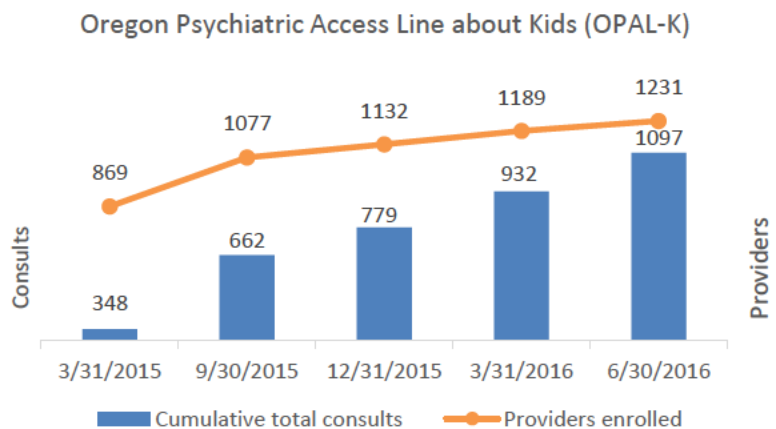


Oregon Psychiatric Access Line about Kids (OPAL-K)

These funds were contracted to Oregon Health & Science University (OHSU) to create OPAL-K. Through a partnership among OHSU's Division of Child and Adolescent Psychiatry, OPS and the Oregon Council of Child and Adolescent Psychiatry (OCCAP), the OPAL-K call center is a free service available Monday through Friday to medical practitioners so that they may treat youth (up to age 18) with mental health issues immediately rather than placing them on waiting lists. Earlier intervention may decrease complications of untreated mental disorders including hospitalization and suicides. OPAL-K also provides tele-psychiatry appointments for children who are in the foster care system and have been prescribed complex psychiatric medications.

OPAL-K has received more than 1,200 calls from medical providers throughout Oregon. OPAL-K has therefore reached its goal of receiving 1,000 calls by its second anniversary in June 2016. At least 1,231 medical providers have enrolled, with numbers increasing daily. Many enrolled providers use this service regularly. Post-service surveys indicate user satisfaction.

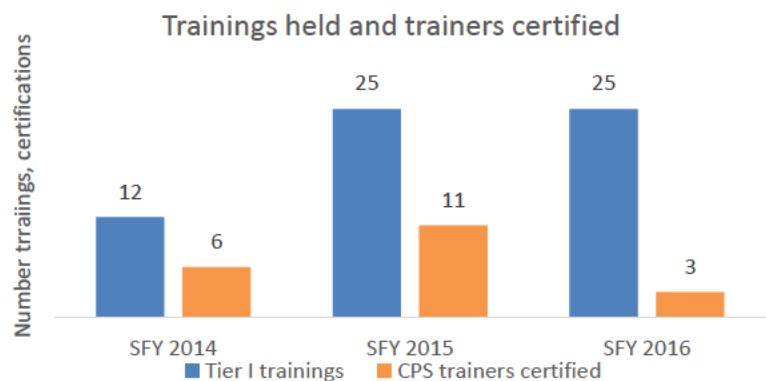
Gives primary care physicians access to child psychiatric consultation for children up to age 18. HSD contracted with OHSU to build the infrastructure for this new statewide service.



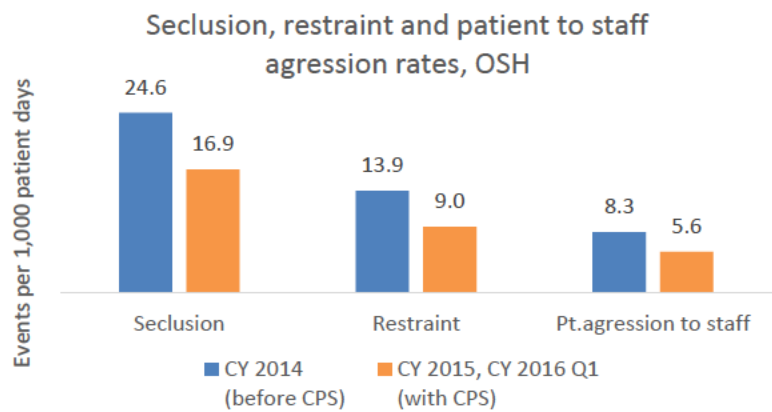
Collaborative Problem Solving (CPS)

These investment funds allowed OHSU to increase its capacity to provide Collaborative Problem Solving (CPS) training and expertise to health care and other professionals around the state. CPS is an evidence-based model that reduces the use of seclusion and restraint in child programs and improves parent-child communication and conflict resolution. The CPS model works in a variety of settings including homes, schools and hospitals. Training is available for parents and professionals including foster families, hospitals and residential programs. The CPS team at OHSU provides training and consultation to multiple organizations across the state to increase effective interventions that improve outcomes for children and families. At Oregon State Hospital (OSH), CPS has been piloted in four treatment wings to assess its applicability in an adult setting. Since “Tier 1 training” launched at the hospital about three years ago, nearly 1,000 OSH staff have been trained. The hospital has reported a significant reduction in aggression and assaults by residents on the units implementing CPS. As a result, the hospital has committed to implementation of CPS across all OSH units.

Builds on the current efforts to advance this practice, which reduces the use of seclusion and restraint in child programs. HSD amended its existing contract with Oregon Health & Science University to provide greater outreach to rural providers.



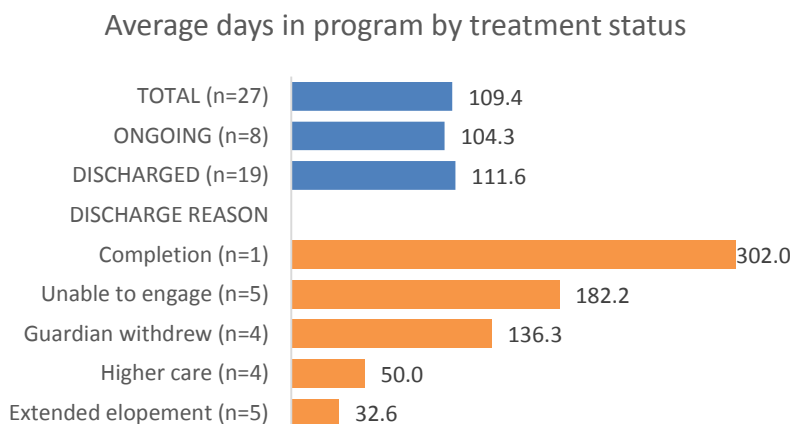
In a pilot study with 4 units at Oregon State Hospital, the rates of seclusion, restraint, and patient to staff aggression dropped sharply after introduction of CPS.



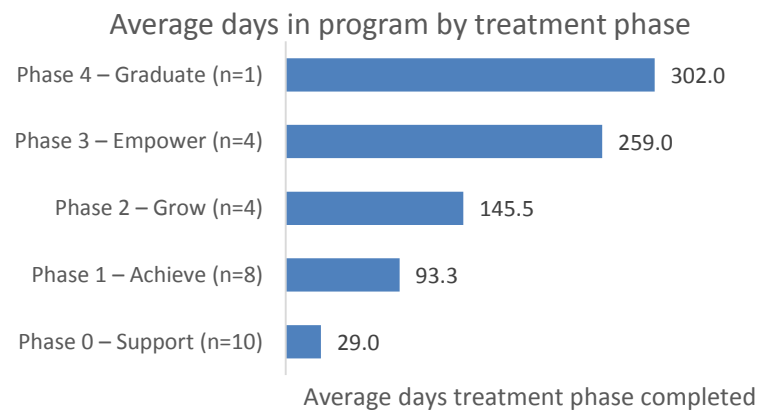
Program for youth victims of sex trafficking

This funding established a statewide residential treatment service for commercially sexually exploited children (CSEC). OHA contracted with Morrison Child and Family Services, which submitted the successful proposal, to provide these services. Morrison’s SAGE program is a 12-bed CSEC residential facility located in the Portland metro area. It provides facility-based services with an average length of stay of 11-14 months, to youth who identify as female aged 11 through 16 who are victims of or are considered at high risk for commercial sexual exploitation. Youth receive CSEC-specific education, trauma-specific treatment interventions, on-site public education, medical and dental services, mental health and addiction services and vocational and skills training. SAGE collaborates with law enforcement, DHS child welfare, Oregon Youth Authority, faith-based organizations, advocacy and mental health service providers, survivors, and advocates. The goal is to ensure that victims of CSEC are safe and removed from “the life” of exploitation, allowing them to focus on their care and treatment in preparation for healthy re-integration into the community with family and natural supports. In addition, a portion of this funding was transferred to DOJ to support the hiring of a DOJ CSEC Coordinator.

At discharge the average length of stay in CSEC is 3.6 months. Average length of stay differs according to the reason clients leave the program.



\$2.3 million for a program for victims of youth sex trafficking.



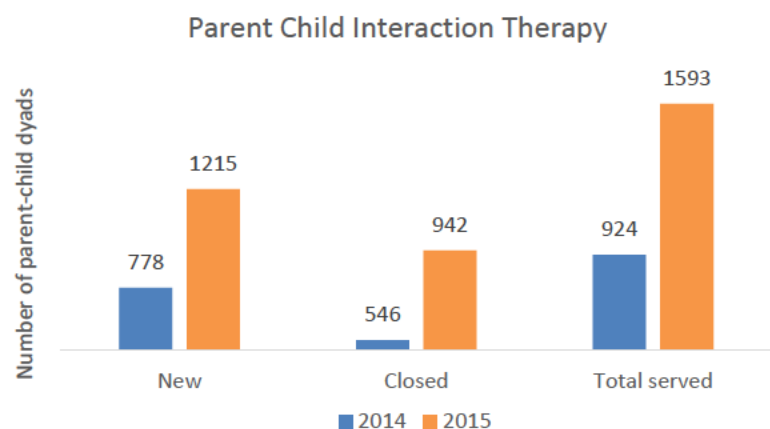
Parent Child Interaction Therapy (PCIT)

- *Increased access to high-fidelity PCIT services*
- *Funded Early Childhood workforce development*

These funds increased access to Parent Child Interaction Therapy (PCIT), making services available in 16 counties and 37 physical locations across Oregon. An Oregon PCIT training site was established in Jackson County in 2015 to address the on-going training and consultation needs of PCIT clinicians across the state. The training site has provided training, supervision and consultation to 49 therapists since its inception. PCIT is a high-fidelity mental health service that has demonstrated positive outcomes for at-risk children. This intervention focuses on families with children aged 2 to 8 years who have significant social-emotional and behavioral problems. Therapists work with parents and children to improve the parent-child relationship and to teach safe, consistent behavior management skills. The practice is proven to decrease behavioral problems and to improve behavior at school and with untreated siblings. In 2015, of those families who participated in PCIT for at least one month, 76 percent showed a statistically significant improvement in symptoms.

Additionally, this funding created higher education scholarships to increase the number of qualified early childhood mental health professionals in Oregon. Twenty candidates received scholarships and completed Portland State University's one-year Infant and Toddler Mental Health Graduate Certificate Program in the 2015-2016 academic year, and another 10 candidates have been selected to receive scholarships for the 2016-2017 academic year. Twenty individuals with cross-cultural experience who are working in community mental health programs in Oregon have received graduate study scholarships and reimbursement.

Replicated this younger-child service that has demonstrated positive outcomes for children at risk. Enables programs to cover the cost of infrastructure in implementing evidence-based practices co-located in early childhood settings.

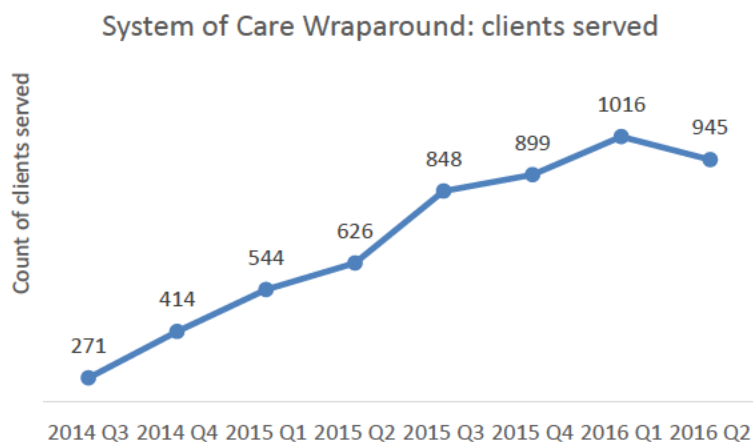


System of Care: Wraparound Initiative

This funding expanded the System of Care Wraparound Initiative (SOCWI) by providing previously unfunded CCOs with an infrastructure payment and an increase to the per-member per-month reimbursement rate for all CCOs providing Wraparound. All 13 CCOs that submitted a proposal were awarded these initial investment funds. The system of care model is an organizational philosophy and framework that involves collaboration across agencies, families, and youth. Its purpose is to improve services and access, and expand the array of coordinated community-based, culturally and linguistically competent services and supports for children and youth with a serious emotional disturbance and their families. High Fidelity Wraparound is a team-based, strengths-based planning process that organizes a youth- and family-driven care planning process. It uses intensive care coordination for youth with emotional and behavioral disorders who are involved in multiple systems, which may include mental health, addictions, Department of Human Services (child welfare and intellectual and developmental disabilities), juvenile justice, Oregon Youth Authority, primary care, and education.

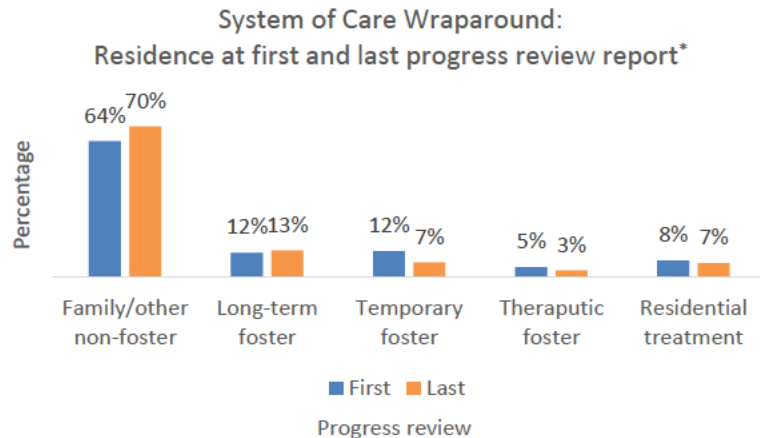
CCOs continue to engage in training, consultation and technical assistance funded by OHA to ensure the delivery of high-fidelity wraparound and the creation of local system of care governance structures to ensure that youth with intensive needs and their families have access to services, supports and care coordination necessary for positive outcomes. In January 2017 SOCWI will be statewide with 16 CCOs funded and participating. The expansion has served about 1,535 children and youth ages 0 through 17 since July 1, 2014.

Increased the availability of Wraparound services in the state, providing intensive care coordination for children with emotional and behavioral disorders. HSD channeled funding through Medicaid to build on existing contracts with CCOs. PSU, Youth M.O.V.E. and OFSN provide technical assistance.



Increased the availability of Wraparound services in the state, providing intensive care coordination for children with emotional and behavioral disorders.

*Wrap clients served between 1/1/2015 and 6/30/2016 with at least 60 days between first and last progress review.



Young Adult Co-occurring Disorder Treatment

New investment funds were used to develop a statewide resource that created additional access to sub-acute services and increased access to appropriate levels of care for youth 17 years of age and under with co-occurring mental health and substance use disorders. Co-occurring disorders can be difficult to diagnose due to the complexity of symptoms; many times youth receive treatment for one disorder while the other disorder remains untreated. Building integrated capacity in Oregon’s subacute system was important, as it allows for ongoing early detection and treatment for youth with co-occurring disorders.

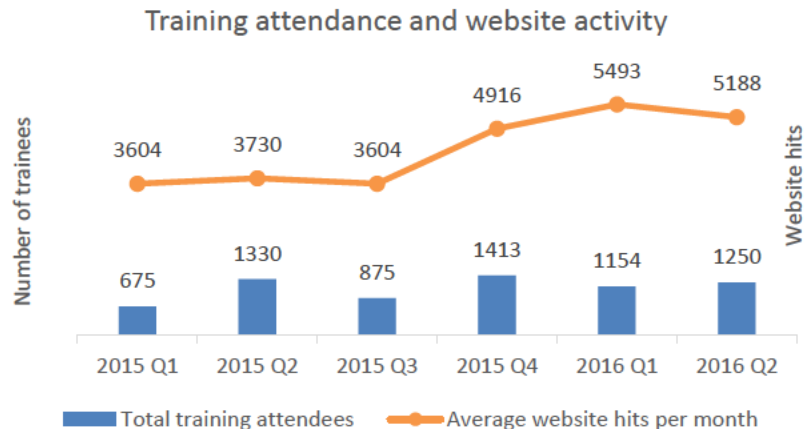
- 52 individuals received co-occurring sub-acute services
- 156 individuals served with reported family history of substance use disorder issues
- 3 individuals received detoxification services
- 9 individuals received post-subacute co-occur substance use disorder treatment
- 4334 total subacute days for youth with co-occurring

Trauma Initiative

This investment established Trauma Informed Oregon (TIO), a collaboration among PSU (which holds the contract), OHSU, Oregon Pediatric Society and OHA. TIO is a statewide collaborative aimed at preventing and ameliorating the impact of adverse experiences on children, adults and families. TIO works to promote and sustain trauma-informed policies

and practices across physical, mental, and behavioral health systems and to disseminate promising strategies to support wellness and resilience. Evidence shows early-life traumatic experiences can have a direct, significant and lasting impact on brain development and health outcomes later in life. Trauma Informed Oregon is a resource for state, county and local policymakers across systems and to service providers, with the goal of achieving trauma-informed service delivery in Oregon. Additionally, these funds supported targeted technical assistance for policymakers statewide by Laura Porter, a national expert in the application of the neuroscience research relating to adverse childhood experiences.

Trains health care providers to screen for traumatic experiences such as abuse, neglect or other adverse childhood experiences (ACEs) and contributes to a trauma-informed system of health care. Created a statewide trauma framework to support strategies for reducing ACEs and to address the impact of ACEs from a trauma-informed perspective.



Community and adult behavioral health investments

Community and adult behavioral health investments support the following goals:

- 2) Respond proactively along the crisis and criminal justice continuum to avoid unnecessary incarceration and hospitalizations;
- 4) Build additional capacity to screen and provide interventions at all levels where supports are needed;
- 5) Provide an opportunity for tribes that had not yet implemented mental health services to meet the growing needs among the populations they serve;

7) Increase the knowledge base for practitioners in order to equip them to implement evidence-based practices for assisting people who have experienced psychological trauma.

Investment: \$62,441,600

Region Impacted: All 36 Oregon counties and 9 tribes; priority included increased resources for rural and coastal areas.

Impact for Oregonians: Development of Center of Excellence for crisis intervention, a statewide resource; increased capacity for crisis and mobile crisis response for 16 CMHPs; 18 jail diversion programs that have served more than 5,800 people with mental illness who were at risk of incarceration; ten teams providing Assertive Community Treatment to help people with serious mental illness avoid hospitalization or shorten hospital stays; 21 rental assistance programs with capacity in every Oregon county; ten supported housing projects and one respite care; 32 programs providing supported employment services that allow thousands of people with mental illness to be more self-sufficient, connected, and independent; additional staff and resources to allow each of Oregon's 9 federally recognized tribes to provide culturally appropriate behavioral health services; development of three sobering centers to allow intoxicated people to be safe and avoid emergency departments or jails; resources to increase peer services for people in and working toward recovery from substance use disorders; and increased funding for residential treatment services for people with substance use disorders.

These investments in adult behavioral health services have strengthened the infrastructure throughout the state, increased resources for underserved areas, and helped thousands of Oregonians with behavioral health needs get appropriate care and avoid hospitalization or incarceration. They have also laid solid groundwork to help Oregon succeed in the USDOJ performance plan.

Adult investments focus on strengthening community mental health services and helping people with mental illness live successfully and independently in the community.

Crisis services

Previous investments improved mental health crisis response services, including mobile response and crisis respite services, helping individuals in mental health crisis avoid hospitalization or incarceration. HSD partnered with CMHPs and encouraged regional responses to develop services based on a statewide gap analysis. A portion of the funding

was used to develop the Crisis Intervention Team Center of Excellence (CITCOE). Significant investments in crisis services were appropriated in both the 2013 and 2015 legislative sessions; \$3.7 million and \$7 million respectively. Competitive solicitations were issued for both investments. The 2013 crisis intervention investment was awarded to 12 community mental health programs that serve 18 counties. While most of the funding supported the development of mobile crisis programs, a few CMHPs were awarded funding to staff and expand walk-in crisis services.

The additional investments supporting the 2015 crisis services solicitation were designed to increase mobile crisis capacity statewide and alleviate the high use of emergency departments by providing funding support for crisis respite services. As directed by the Legislature, HSD issued a request for grant proposals for two types of possible awards for crisis services: a maximum award of \$750,000 for programs that previously had not been awarded in the 2013 solicitations; and a maximum award of \$210,180 for programs that had been awarded in the 2013 solicitation but required supplemental funding to expand services. Sixteen CMHPs submitted proposals to provide services in 20 counties; nine proposals for new funding and seven for supplemental funding. Only two of the proposals did not include mobile crisis services with supplemental crisis respite services. Two programs proposed using the funds to staff crisis respite facilities (Yamhill is developing a secure crisis respite facility and Jefferson is using a regional approach serving Jefferson, Crook and Deschutes counties).

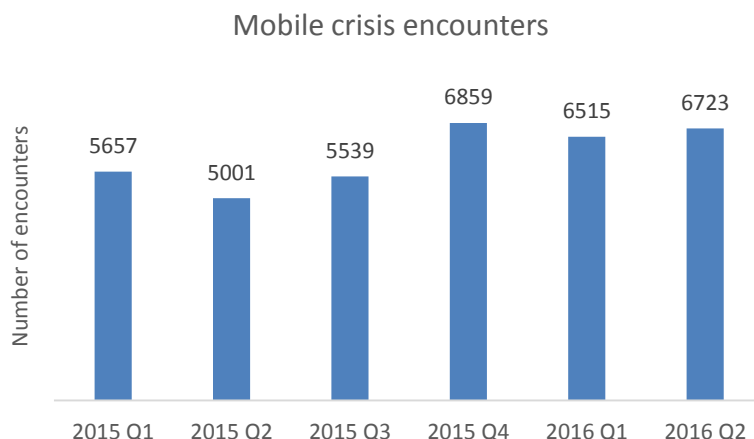
The 2013 investment in mobile crisis services has proved effective, increasing mobile crisis contacts statewide overall.

As a result of the expansion and creation of new mobile crisis programs in 2014, the number of crisis encounters increased by 19 percent from January 1, 2015 (six months after the implementation of the 2013 mobile crisis investment) to June 30, 2016. This increase represents more than 1,000 contacts in the three-month reporting period.

The last three calendar quarters of the January 1, 2015 – June 30, 2016 reporting period saw stabilization in the number of mobile crisis encounters, varying by an average of 276 mobile crisis encounters per quarter, statewide. As more mobile crisis programs develop, it is anticipated that mobile crisis encounters will increase and eventually stabilize when more individuals who require mental health services are enrolled in on-going services.

Mobile crisis services in Oregon vary from county to county in both breadth and scope. Until recently, mobile crisis services were not defined. Some counties elect to provide traditional mobile crisis response (e.g., co-response with law enforcement or in lieu of law enforcement response in an identified mental health crisis event). Others considered mobile mental health crisis response as mobile outreach (e.g., outreach to individuals who are enrolled in a CMHP's outpatient services and have been identified as in potential crisis).

Improved mental health crisis response services including mobile response and crisis respite services, helping avoid hospitalization or incarceration. HSD partnered with CMHPs and encouraged regional responses to develop services based on a statewide gap analysis.



Crisis Intervention Team Center of Excellence (CITCOE)

To support jail diversion and mobile crisis services statewide, HSD partnered with the Department of Public Safety Standards and Training (DPSST) and the Eastern Oregon Human Services Consortium to provide technical assistance, coordination and training to developing crisis intervention teams (CITs) across the state. DPSST and EOHSC have established a Crisis Intervention Team Center of Excellence (CITCOE). To date, DPSST has expanded its offering of crisis intervention training at its facility in Marion County and EOHSC has worked with six counties on crisis intervention team development and helped to implement crisis intervention training programs in an additional six counties.

Jail diversion

This investment expanded services to divert people with mental illness from unnecessary incarceration in local jails. OHA partnered with city and county law enforcement agencies to provide pre- and post-booking diversion strategies including crisis intervention training, and to build outcomes into the entire jail diversion system.

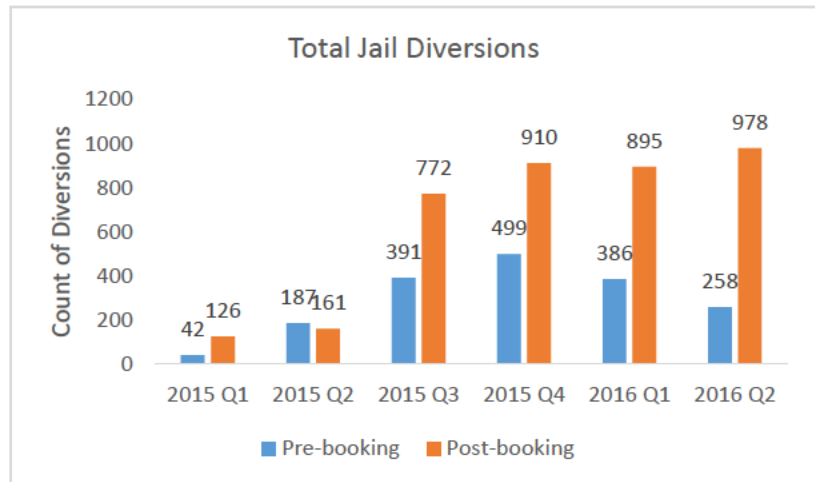
The increasing involvement of persons with serious mental illness in the criminal justice system has enormous fiscal, public safety, health and human costs. Diverting individuals with mental illness away from jails toward more appropriate community-based mental health treatment has emerged as an important component of community mental health programs and the criminal justice system to provide effective mental health care; to enhance public safety by making jail space available for violent offenders; and to provide judges and prosecutors with alternatives to incarceration.

The 2007 Legislature authorized \$4 million to be distributed equitably among 32 community health programs serving 36 counties statewide to move persons with severe mental illness who don't pose a public safety risk out of jail and into community-based treatment programs. The 2013 Legislature expanded jail diversion services by appropriating \$3 million as part of the 2013 Mental Health Investments. The 2013 funding was awarded through a competitive solicitation. Twelve CMHPs were awarded jail diversion investment dollars to expand services in 15 counties.

The 2015 Legislature authorized an additional \$6.5 million for jail diversion services. As directed by the Legislature, HSD issued a request for grant proposals for two types of possible awards for the jail diversion program: a maximum award of \$500,000 for programs that previously had not been awarded in the 2013 solicitations; and a maximum award of \$100,000 for programs that had been awarded in the 2013 solicitation but required supplemental funding to expand services. Eighteen CMHPs submitted proposals: nine for new funding and nine for supplemental funding. Because HSD received fewer proposals than expected, the nine programs previously offered a maximum award of \$100,000 were able to submit amended proposals with expanded services for an additional maximum award of \$200,000.

Eighteen jail diversion programs received Mental Health Investment funding. From January 1 to December 31, 2015, they submitted individual data on 5,864 clients. While programs vary across the state, the 5,864 individuals received services that included individual and group therapy, peer-delivered services, referrals to outside community resources, respite services, and case management.

Expanded services to keep people with mental illness from unnecessary incarceration in local jails. HSD partnered with city and county law enforcement agencies to provide pre- and post-booking diversion strategies, including crisis intervention training, and to build outcomes into the entire jail diversion system.



Assertive Community Treatment (ACT) and case management

The 2013-2015 investment increased capacity to provide case management and ACT services to help people avoid hospitalization or shorten hospital stays. Through partnerships with CCOs, CMHPs, and other community partners, HSD contracted with CCOs to develop 10 ACT teams, one of which focuses on individuals with severe and persistent mental illness who are involved in the criminal justice system and one with a culturally specific specialty.

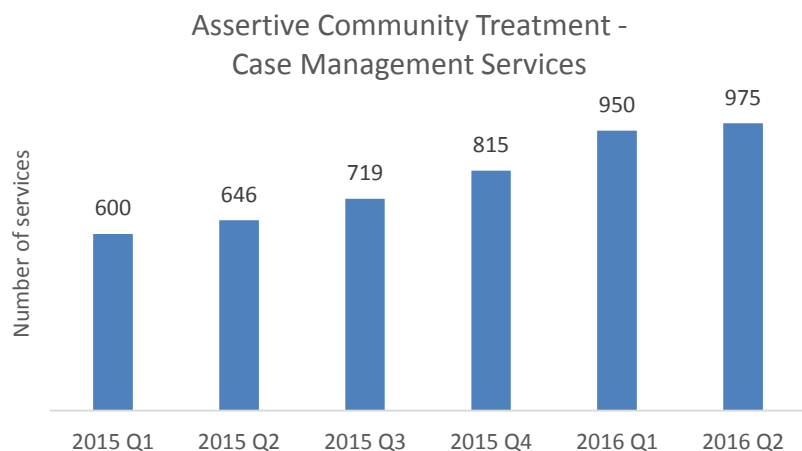
HSD issued a request for grant proposals in September 2016 to expand access and create infrastructure for the ACT program. During the past several years, Oregon has engaged in a significant effort to transform its community mental health services to provide comprehensive, community-based care to meet the needs of Oregonians diagnosed with severe and persistent mental illness (SPMI). With the state's commitment to implement a performance plan with USDOJ, HSD has developed a strategy that will both provide greater access to services and meet the goals of the USDOJ Performance Plan. The grants will provide coordinated care organizations with infrastructure funding to create ACT teams to serve individuals who require ACT services but currently do not have access to the program due to insufficient capacity.

The roll-up funding utilization:

- Approximately \$7 million is dedicated to the expansion and infrastructure grants to CCOs and to increase the capitation to CCOs to account for the expansion of services. The solicitation is structured to comply with the USDOJ Performance Plan (based on staffing a high-fidelity ACT team) and with an emphasis on ACT provider development. The ACT program must have the capacity to serve at least 2,000 individuals by June 30, 2018, with no more than 10 individuals on a waitlist to receive ACT services in any given service region for more than 30 days before capacity is expanded to serve them.

- Approximately \$300,000 is dedicated to statewide program development and oversight. This funding is being used to expand the Oregon Center of Excellence for Assertive Community Treatment (OCEACT) contract to comply with the USDOJ Performance Plan’s program requirements for ACTs. Those requirements include data collection, technical assistance, program monitoring, and compliance and outcome improvement.

Increased capacity to provide case management and assertive community treatment to help people avoid hospitalization or shorten hospital stays. Through partnerships with CCOs, CMHPs and other community partners, HSD contracted with CCOs to develop 10 regional ACT teams, one of which focuses on individuals with SPMI who are involved in the criminal justice system and one with a culturally specific specialty.



Supported housing and peer support services (rental assistance)

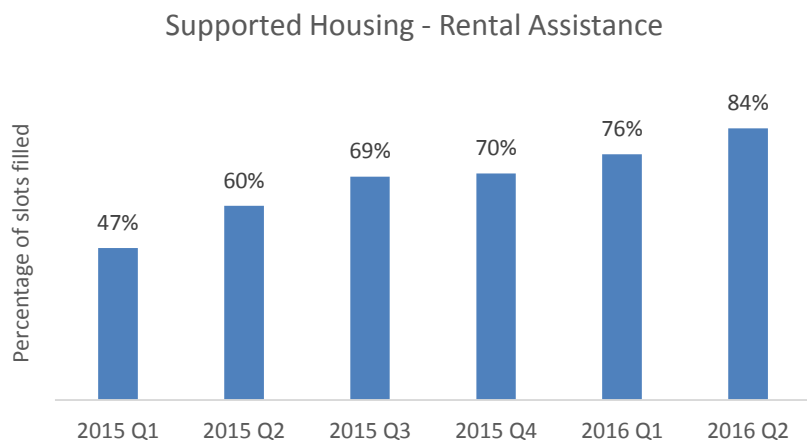
The OHA Health Systems Division's Rental Assistance Program supports individuals with a serious mental illness to live independently by securing affordable rental housing. This program awarded funding to providers that successfully applied through solicitation. The first programs began during the 2013-2015 biennium.

Eligible individuals receive services from a residential housing specialist and a peer support specialist that are employed by the funded providers. Rental assistance includes barrier removal and move-in assistance costs, monthly rent subsidies and optional housing rent-ready services. These housing services are available to the program participants but are not required.

As of February 2016, 21 rental assistance programs are in operation offering 972 housing slots with some capacity in every Oregon county. Beginning in October 2016, an additional seven rental assistance programs for veterans and young adults were scheduled to begin operation, offering an additional 152 housing slots. With the October program addition there will be a total of 1,154 rental assistance housing slots statewide.

Results from the original 20 rental assistance programs show that the number of housing slots occupied or filled has steadily grown from 47 percent during January-March 2015, to 84 percent in the second quarter of 2016 (April-June).

Increased supported housing and peer-delivered services for additional people with mental health conditions. HSD partnered with CMHPs to provide rental assistance for scattered-site supported housing.



Mental health housing development

A budget note in HB 5201A dedicated \$5 million in tobacco tax funding as an investment for mental health housing. HSD worked with the National Alliance on Mental Illness (NAMI) Oregon and the Oregon Residential Providers Association to develop housing options for individuals with mental illness.

This partnership resulted in a total of 11 projects. Ten are supported housing projects and one provides respite care.

The supported housing projects reflect 33 total units of housing, with the intent to add three more due to the increase in units allowed under Oregon's performance plan with the USDOJ. The respite care project provides five beds.

Supported employment services

This investment expanded supported employment services statewide through contract amendments with community mental health programs. The funding was distributed in three tiers, based on program readiness. The Oregon Supported Employment Center for Excellence (OSECE) provides on-going technical assistance.

HSD has almost accomplished the goals of the initial 2013 investment by providing high-fidelity supported employment services statewide. Only two counties, Clatsop and Lake, currently do not have high-fidelity supported employment programs. Clatsop is experiencing challenges with staffing and Lake has yet to develop a program.

Current status of the supported employment program:

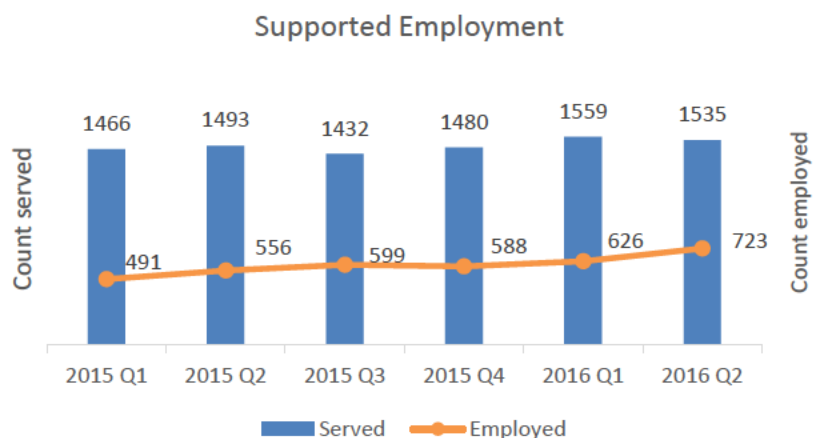
- 32 qualified or provisionally qualified programs in the state
- Average 7% quarterly gain in the number of individuals served since investments made in 2014
- 1,535 individuals received supported employment services in the April-June 2016 reporting quarter, an increase of 892 over the same period in 2013, when 643 individuals were served prior to the mental health investments

During the past several years, Oregon has engaged in a significant effort to transform its community mental health services to provide comprehensive, community-based care to meet the needs of Oregonians diagnosed with severe mental illness. With the state's

commitment to implement a performance plan with USDOJ, HSD will uphold fidelity review requirements that include data collection, technical assistance, program monitoring, and compliance and outcome improvement.

While the number of individuals served in each quarter has stabilized, only showing an average increase of 1 percent over time, the percent of individual participants who are in competitive, integrated employment as a result of supported employment services has increased significantly; from 33 percent in the January-March 2015 period to 47 percent in the April-June 2016 period. The increase in the percentage of those employed is indicative of mature programs that are past the implementation phase of development.

Expanded supported employment services statewide through contract amendments with current providers. HSD distributed funds in three tiers, based on program readiness. Technical assistance is provided by the Oregon Supported Employment Center for Excellence.



Tribal investments

With the goal of increasing the mental health of individuals and families, HSD has dedicated funding to Oregon's nine federally recognized tribes. These funds are being used to implement strategies for tribal-based mental health services. Each tribe submits an implementation plan, which proposes services that align with the funding areas. They report bi-annually on the progress made toward their outcomes. The plans use the following strategies, based on community need:

- Mental health promotion and prevention
- Crisis services
- Jail diversion
- Supported housing and peer-delivered services
- System of care and care coordination
- School access to mental health services

By using these funds, tribes have increased their capacity to provide mental health services by adding staff in a number of different roles, including a mental health coordinator, mental health therapist, psychiatrist and family nurse practitioner.

Tribes have seen successes in the area of mental health promotion and prevention by providing mental health first aid trainings and implementing the Conscious Discipline Model with parents, school and community. Tribes have completed mental health retreats that combine talking circles and guest speakers who discussed termination, historical trauma, and mental health stigma. Others focusing on alleviating the effects of historical trauma have used Healing of the Canoe/Canoe Family, a tribal best practice. Some tribes have held GONA (Gathering of Native Americans) trainings focusing on community wellness, de-stigmatizing mental health issues and understanding boarding school trauma.

For jail diversion, one community is implementing a Wellbriety Program to which clients are referred by the court. The program provides intakes, and develops and implements a behavioral health treatment plan in cooperation with the client.

Those tribes providing school access to mental health services have increased the number of referrals, successfully had mental health counselors participate with prevention staff to build relationships with children in a less formal clinical setting,

increased outreach, and engaged more children at the middle school and elementary school levels.

For some tribes this investment represents the first mental health program in the community and the first opportunity to provide support and coordination to its tribal members. One goal is to raise the tribal communities' understanding of mental health and wellness and to reduce the stigma associated with mental illness and support those in need with appropriate and culturally relevant treatment options.

2015 investments and strategic direction

The additional investments provided to OHA in the 2015 session have continued to support the outcomes and expand services for multiple investment areas described above. Also in 2015, funds were allocated to enhance Oregon's system of care and safety net for people dealing with substance use disorders.

Sobering centers

House Bill 2936, signed into law in September 2015, increased legal protections for proposed new sobering centers throughout Oregon. Sobering centers are a safe place for individuals during periods of acute intoxication lasting four to 48 hours. The sobering center facility's main goal is to provide a safe environment in which acutely intoxicated individuals can stay while the chemical effects of the intoxicant subside. It also serves as a point of contact and intervention for individuals with substance use disorders, as well as a resource center to provide information on a variety of social service options the clients may wish to access upon discharge from the facility.

The Legislature provided \$1 million in funding for development of sobering centers; \$500,000 has been provided to create a currently operational facility in Josephine County (Grants Pass), and an additional \$250,000 per facility has been set aside to create similar facilities in Douglas and Klamath counties. The Grants Pass facility is being operated by the Grants Pass Sober Center Board, a non-profit organization, and the proposed facilities in Klamath and Douglas counties will be operated by Klamath Basin Behavioral Health and Adapt, respectively.

Peer-delivered services

OHA expects outcomes that include improved health, shorter lengths of stay in treatment, and cost savings from the \$1.5 million invested to increase the number of people receiving peer-delivered services (PDS). Peer-delivered services are a vital part of health care transformation, benefitting Oregonians with substance use disorders, their families and communities. Peer-delivered services and peer-run organizations serve as recovery centers, which are an essential link between people who live with behavioral health conditions and the behavioral health services they need.

The funding was awarded through a competitive solicitation process. Funds were distributed to successful applicants in October 2016. Seven counties in three regions will develop the capacity to provide enhanced peer-delivered services. They also will be able to provide technical assistance and training for peer delivered services in substance use disorder recovery. They will provide technical assistance to regional partners including behavioral health service programs, health professionals, CMHPs or LMHAs, coordinated care organizations, interested consumers, family members, youth under 17 and young adults 18 to 25, and those in recovery from mental health disorders, substance use disorders, and problem gambling.

The training and technical assistance will increase the number of people receiving peer-delivered services. OHA's performance plan with the USDOJ calls for increasing these services by 20 percent in 2016-2017. The investments will focus on increasing peer-delivered services to the following underserved populations: people involved in the criminal justice system; people without homes, people in medically assisted treatment, people in poverty in rural Oregon, older adults, and young adults in transition.

Residential Substance Use Disorder Treatment

The agency implemented fee-for- services rate increases to substance use disorder treatment residential rates in the Medicaid program and aligned the non-Medicaid residential rates to be the same as the Medicaid rates. This rate increase has been implemented effective October, 2015.

Success stories

The following are success stories from providers who are now able to provide services and community supports as a result of the new investments.

Peer-delivered services:

In June we had a local 19-year-old male overdose on alcohol/drugs and wind up in the intensive care unit. He was a former alcohol/drug client who had dropped out of services. When we learned that he had experienced a near-fatal overdose, our alcohol and other drug (AOD) treatment clinician and recovery mentor (peer support specialist) went to see him at the hospital and checked on him every day until he was discharged. The 19-year-old individual engaged in our intensive outpatient day treatment program and is working with our male recovery mentor who has helped him get to community-based 12-step meetings, provided transportation when needed, and been available by business cell phone to provide support to this client, all in addition to his intensive AOD treatment services (each day he attends four hours of treatment). The client is still fully engaged in treatment services and is doing well and getting healthy. He had not succeeded in treatment before without the support of a peer.

Oregon Family Support Network (OFSN) – A parent’s success story:

My son has showed signs of learning disabilities since I adopted him at age 3. He was a victim of physical abuse previously and had even suffered a significant blow to his head. He had been placed in several foster homes before coming to us.

It’s always difficult for a child that’s 3 years old to enter a new home. He had a hard time trusting me and his new family, but we had the help of a professional counselor to smooth the transition. The beginning of school was also difficult because it meant he had to trust more strangers – a huge feat after knowing so much abuse, hurt and pain.

Throughout his life, counselors were of some assistance; however, I was not prepared for the chaos of adolescence. It seemed we had one new agency after another, new meetings, and new service plans with every new problem my son faced. Even as a “professional mom” having worked with other special needs kids, I couldn’t manage all the meetings and expectations put solely on me.

Help finally arrived when I turned to a family support specialist for help. This person knew what I was experiencing, and I liked that. She helped me find a Wraparound team that organized difficult and hard-to-find services and included many of the people I was

already working with. It was like I had a village to help my family. The team never took over for me but they just helped me find resources I did not know existed. The family support specialist and the team valued me, my family's ideas and, most importantly, reminded us that we could take care of ourselves.

I don't know what the future holds for my son, and he still has significant challenges brought on by serious trauma and abuse as a child. He is not like most kids. I do know that whatever the future holds, we are better prepared for it thanks to Wraparound and we are able to handle what he needs right now.

CSEC/SAGE success story:

Before the age of 15, one young woman was facing seemingly unsurmountable obstacles. She had only sporadic contact with her family and often that contact would turn violent. She was no longer in school and had become heavily involved with gangs. She felt hopeless. She met an adult man who she began to live with and soon began selling and abusing drugs. She was sexually exploited, being forced to perform services in an illegal lingerie modeling/sex performance business.

She entered the Morrison Child and Family Services SAGE program for victims of commercial sexual exploitation of children in early spring of 2016, at age 15. She told the staff at the program that she believed her only real future was prison. Working with any youth with such a high degree of trauma, abuse and hopelessness is never easy; however, with the consistency, structure, support and encouragement this program offered this youth was eventually able to start developing supportive relationships. Relationships with SAGE staff were powerful and the anger and anxiety she had felt so much of the time began to subside. She started feeling better and began to learn new skills that she had never had the opportunity to fully develop. She began attending school and treatment groups and eventually became a positive and active leader in the program helping other young women. This youth successfully graduated from the SAGE program within six months.

This young woman, who previously could only envision a life in prison, enrolled in an academic program to further develop herself and her innate skills. For the first time in many years, she is optimistic and enthusiastic about her education and her life. Her participation in the program allowed her to acknowledge the horrific abuses she had experienced in her life, and she has chosen not to allow those abuses to define her.

This youth now defines herself in many wonderful ways. She became a positive leader while in the program, and she has now agreed to continue to provide peer support within

her community in service to others like her who need help. This young woman is now working toward repairing her relationship with her family and they are excited to be finally reunified.

Jail diversion:

There is a gentleman who has had multiple trips to jail and ultimately to Oregon State Hospital (OSH). He had a mental health provider whom he liked and would engage with. Then he would use meth, and the spiral down would start again. It would begin with contacts with law enforcement and encouragement to get reconnected with his counselor, but he would stop going to see his outpatient provider. He was difficult to find because he wouldn't be able to stay at his grandmother's house, and would end up in jail with misdemeanor A or felony C charges. He would go to OSH, be found never able to assist in his own defense, and returned to the jail only to be released and have the cycle start again.

He might go a week or a month, but within two months he would start the cycle again. He would often be at OSH at least yearly and sometimes twice a year. Once he had cleared of the meth, he was very pleasant to work with, but it was taking longer and longer for him to clear from the meth. Many interventions had been tried, elevating his services to the ACT team, stepping him out of jail to a transitional housing option, all to no avail.

What could we do differently? Well, as much as he likes living with his grandmother, he had relatives that would also frequent that location and would encourage him to use meth with them. He would also be bored in housing and would walk away. His only community was those he used with. What else could we try?

To start, we asked what we could do at the housing that would make it more comfortable for him to stay. He stated he has some money saved and he thought if he could buy a gaming system he would have something to do. We said okay, we will work with you to do that. What else? I need to see my grandmother he would say. Great, we will work with your ACT team to make sure you have regular visits. We worked with the grandmother to plan the visits when the relatives that were using were not there.

“What else can we do?” I get lonely sometimes. “Of course you do. How about if the peer support specialist from your ACT team takes you to meet some other folks and to check out some groups at some of the peer-run organizations in the county?” Okay.

The person has been with our program for four months next week, out of jail and building community supports. He just moved into a more permanent home with one of the local housing agencies. And he still visits his grandmother regularly. Between the time in the jail, at OSH and in our program, he has more than a year of no meth use.

It is a small victory, but for this moment we have broken his cycle and he has successfully stayed out of the criminal justice system and been engaged in mental health treatment for the last four months – something he has not done in the last four years.

Tribal investments:

naanok ?ans naat sat'waYa naat ciwapk diceew'a "We help each other; We will live good"

We are the Klamath Tribes, the Klamaths, the Modoc and the Yahooskin. We have lived here in the Klamath Basin of Oregon, from time beyond memory. In 1954, the Klamath Tribes were terminated from federal recognition by an act of Congress. This single act of Congress had devastating effects on the Klamath Tribes. From the years of 1956 to 1986 this federal policy resulted not in assimilation and self-sufficiency, but a severe loss of identity and relationship with land, and ultimately to trauma, death, alcoholism, violence, and incarceration rates that rivaled large cities. Through concerted grassroots efforts, Klamath tribal people began fighting for restoration and in 1986, the Klamath Tribes were successful in regaining restoration of federal recognition; however, our land base was never returned.

For many years, the Klamath Tribes have been offering basic counseling services. While successes could be seen on an individual scale, the healing from the effects of termination needed a strong platform. In 2014 Klamath Tribal Health's Youth & Family Guidance Center for the first time was staffed at capacity to begin addressing traumas in a holistic, culturally defined and therapeutic way. Receiving the Mental Health Promotion dollars allowed them to build a foundation of healing through stigma reduction and promotion.

One project they started was "Restoration of the Spirit," a large-scale project to address stigma around healing and to promote the idea of healing the spiritual self from the effects of trauma related to termination. The project began with wellness retreats using both clinical and tribal best practices. Prayer, ceremony, talking circles, digital storytelling, and photography sessions were held with five generations of Klamath Tribal members, from youth to elders. Attendees were tasked with processing their memories,

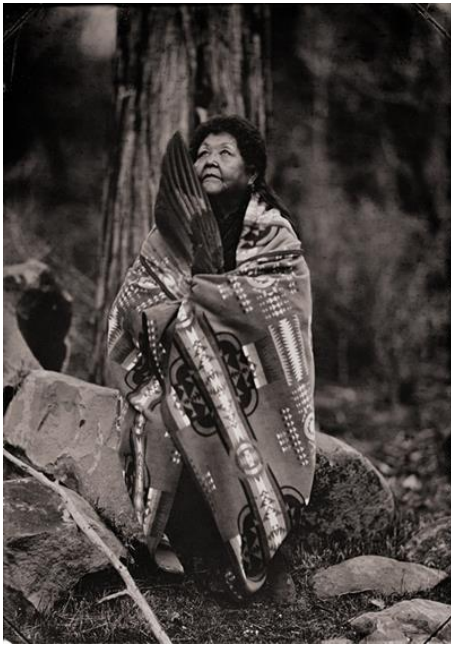
thoughts, and feelings regarding termination of the Klamath Tribes and how it led to stigma. The end result of the retreats were a set of profound photographs capturing the ancestral spirit that continues to thrive despite the trauma as well as a 45-minute documentary titled “Restoration of the Spirit.” (The full-length video can be viewed here: <https://vimeo.com/135413352>.)

Tribal members who have participated in these retreats since then have also reached out for mental health services. Some feedback from the elders was: “I feel like it’s time we began to heal”; “This is the first time I was ever asked how I felt about the hard things I went through during termination”; “I’m starting to see that we need to talk about these hard things in order to heal.”

In May 2015 the documentary “Restoration of the Spirit” premiered at the Ross Ragland Theater in Klamath Falls. There were over 800 attendees including tribal members living in other parts of the state and many non-tribal members living in Klamath Falls. A live cultural show, photography viewing and crowd engagement in a grand finale cultural dance was offered during the large-scale event to spark a sense of hope, pride, and motivation.

Since the documentary premier, self-referral rates in our behavioral health program began to climb. Requests from community partners to screen the film for their agencies began to flood in. In 2015 many community partners, including local nursing students, probation and parole officers, DHS staff, and CASA workers, and mental health agencies have had screenings. It is continuing to be utilized as a cultural training and stigma reduction tool for multiple agencies throughout Klamath County. Over 250 health care and social service employees have been trained about the historical trauma of the Klamath Tribes. “Restoration of the Spirit” was released on social media with over 300 views. The documentary was selected for an award at two Native Independent Film Festivals – the American Indian Film Festival and the LA Skins Film Festival.

This project has given strength to the people to heal from their past and work together to build a better future.





Appendix 1

Community Behavioral Health New Investments as of 2015-17 LAB

Investment Area	Original 13-15 Investments			Final New Investment Funding at 15-17 LAB			
	13-15			15-17 Final @ LAB			
	GF	TTX	Total	GF	TTX/OF	TM/SA	Total
Mental Health Promotion and Prevention	\$ 3,000,000	\$ -	\$ 3,000,000	\$ 4,120,000	\$ -	\$ -	\$ 4,120,000
Early Assessment and Support Alliance (EASA)	\$ 1,800,000	\$ -	\$ 1,800,000	\$ 2,472,000	\$ -	\$ -	\$ 2,472,000
Young Adult Community Hubs	\$ 2,250,000	\$ -	\$ 2,250,000	\$ -	\$ 3,090,000	\$ -	\$ 3,090,000
Young Adult Peer-Delivered Services	\$ 530,000	\$ -	\$ 530,000	\$ -	\$ 545,900	\$ -	\$ 545,900
Family/parent Peer-delivered Support Services	\$ 530,000	\$ -	\$ 530,000	\$ -	\$ 545,900	\$ -	\$ 545,900
School Access to Mental Health Services	\$ 5,000,000	\$ 1,300,000	\$ 6,300,000	\$ -	\$ 3,171,733	\$ 5,480,267	\$ 8,652,000
Adolescent Depression Screening	\$ 500,000	\$ -	\$ 500,000	\$ -	\$ 515,000	\$ -	\$ 515,000
Oregon Psychiatric Access Line for kids (OPAL-K)	\$ 1,000,000	\$ 500,000	\$ 1,500,000	\$ 1,373,333	\$ 2,186,667	\$ -	\$ 3,560,000
Collaborative Problem Solving (CPS)	\$ 80,000	\$ -	\$ 80,000	\$ -	\$ 109,867	\$ -	\$ 109,867
Program for Youth Victims of Sex Trafficking	\$ -	\$ 2,300,000	\$ 2,300,000	\$ -	\$ 3,158,667	\$ -	\$ 3,158,667
Parent-Child Interaction Therapy (PCIT)	\$ 2,310,000	\$ 320,000	\$ 2,630,000	\$ -	\$ 439,467	\$ 3,172,400	\$ 3,611,867
System of Care and Wraparound (SOCWI)	\$ 4,000,000	\$ -	\$ 4,000,000	\$ 5,493,333	\$ -	\$ -	\$ 5,493,333
Trauma Initiative	\$ 800,000	\$ -	\$ 800,000	\$ -	\$ 1,078,067	\$ -	\$ 1,078,067
Young Adult Co-Occurring Disorder Treatment	\$ -	\$ 380,000	\$ 380,000	\$ -	\$ 521,867	\$ -	\$ 521,867
Crisis Services	\$ 2,730,000	\$ 4,200,000	\$ 6,930,000	\$ 4,100,000	\$ 12,417,200	\$ -	\$ 16,517,200
Jail Diversion	\$ 3,000,000	\$ -	\$ 3,000,000	\$ 10,620,000	\$ -	\$ -	\$ 10,620,000
Assertive Community Treatment (ACT)/case management	\$ 5,500,000	\$ -	\$ 5,500,000	2,206,000,		\$ 5,347,333	\$ 7,553,333
Rental Assistance (Phase I, GF & Phase II, TTX)	\$ 4,310,000	\$ 4,100,000	\$ 8,410,000	\$ 12,919,067	\$ 10,300,000	\$ -	\$ 23,219,067
Mental health housing development	\$ -	\$ 5,000,000	\$ 5,000,000	\$ -	\$ -	\$ -	\$ -
Supported Employment Services	\$ 1,500,000	\$ -	\$ 1,500,000	\$ 60,000	\$ -	\$ 2,000,000	\$ 2,060,000
Tribal Investments	\$ 900,000	\$ 900,000	\$ 1,800,000	\$ 80,064	\$ 2,391,936	\$ -	\$ 2,472,000
Sobering Centers	\$ -	\$ -	\$ -	\$ 1,000,000	\$ -	\$ -	\$ 1,000,000
Peer-delivered Services	\$ -	\$ -	\$ -	\$ 1,500,000	\$ -	\$ -	\$ 1,500,000
Residential Substance Use Disorder Treatment	\$ -	\$ -	\$ -	\$ 3,500,000	\$ -	\$ -	\$ 3,500,000
Total	\$ 39,740,000	\$ 19,000,000	\$ 58,740,000	\$ 47,237,797	\$ 40,472,269	\$ 16,000,000	\$ 105,916,066

From: [JAGGER Dawn](#)
To: [EDLUND Tina * GOV](#)
Cc: [EVANS Janell R](#); [VANDEHEY JEREMY](#); [KAUTZ Kristine M](#); [ROBISON Laura](#); [ROMAN Linda * GOV](#); [ALLEN Patrick](#); [Cowie Robb](#)
Subject: Fwd: UPDATED: OHA budget priorities
Date: Wednesday, March 21, 2018 4:45:33 PM
Attachments: [OHA budget priorities 2019 2021 v2.docx](#)
[ATT00001.htm](#)

Hi Tina,

Thank you for your patience while we worked on this document. Please find attached for your review our budget priorities.

Thanks!

Dawn

Dawn Jagger
Chief of Staff
Oregon Health Authority
Mobile: 503/884-6411

Begin forwarded message:

From: Cowie Robb <ROBB.COWIE@dhsoha.state.or.us>
Date: March 21, 2018 at 4:23:31 PM PDT
To: Allen Patrick <Patrick.Allen@dhsoha.state.or.us>, Jagger Dawn <Dawn.Jagger@dhsoha.state.or.us>, ROBISON Laura <Laura.Robison@dhsoha.state.or.us>, Kautz Kristine M <KRISTINE.M.KAUTZ@dhsoha.state.or.us>, Vandehey Jeremy <JEREMY.VANDEHEY@dhsoha.state.or.us>
Cc: Evans Janell R <JANELLE.R.EVANS@dhsoha.state.or.us>, STAPLES Roger <Roger.STAPLES@dhsoha.state.or.us>
Subject: UPDATED: OHA budget priorities

Here is the updated budget priorities document, incorporating today's edits. Thanks for the review and input. This version also includes the tobacco and alcohol tax proposals. Let me know if you need any additional changes.

Robb Cowie
Communications Director
External Relations Division
Oregon Health Authority
robb.cowie@state.or.us
Cell: 503-421-7684
www.oregon.gov/OHA

Oregon Health Authority

Draft 2019-21 Budget Priorities

The Oregon Health Authority's (OHA) mission is to advance the health of every Oregonian. From Oregon's nationally recognized Medicaid reforms to its best-in-class state psychiatric hospital, OHA has played a key role in expanding health coverage and transforming the delivery of care. As an agency, we are focused on achieving better health, better care and lower costs for Oregonians – and reducing health disparities among Oregon's diverse communities. We are committed to accomplishing these goals through transparency, accountability and the wise use of public dollars.

I. Successes in the 2017-2019 biennium

- **Health coverage:** Today, 94 percent of all Oregonians have health insurance. This year OHA expanded coverage to all low-income children in the state through the Cover All Kids program.
- **Lower health care costs:** The coordinated care model has avoided \$2.2 billion in costs over the last five years and a recent independent evaluation by OHSU shows Oregon's health reforms are working: Costs are lower compared to Washington and quality, member satisfaction, and member reported health status have improved.
- **Improved accountability:** OHP enrollment has stabilized and tracked closely with forecasts. OHA successfully implemented the ONE online eligibility system, which has made the Medicaid application and renewal process simpler and more accurate. All OHP members are on schedule to receive annual eligibility reviews.

OHA does not work alone. We collaborate with and support a broad range of partners, including hospitals, coordinated care organizations (CCOs), local governments, health care providers and many other organizations and stakeholders. The 2017-2019 budget reflects their input and our shared goals to accelerate the transformation of Oregon's health care system. We look forward to collaborating with these partners as we tackle the budget challenges for the 2019-2021 biennium.

II. Challenges in the 2019-2021 biennium

State Medicaid funding gap: The Oregon Health Plan continues to face a significant budget challenge without long-term sustainable revenue for the state's share of the program. The budget challenge is created by reductions in federal match rates, use of one-time funds in 2017-19, and expiring provider assessments. Federal Medicaid match rates are expected to decrease in all programs in 2019-21. The gap in state funding to maintain current levels of enrollment is estimated to be \$830 million in 2019-2021. If the state cannot fill this gap:

- Oregon risks losing \$2.1 billion federal funds, which would be leveraged by the state's \$830 million contribution to fill the Medicaid budget gap.

Federal uncertainty: In addition to these challenges, continued uncertainty in federal health policy and spending has added further risk to Oregon's health care system. Congress' proposed cuts to public health funding threaten life-saving public health programs in communities across Oregon, the state's

ability to respond to public health crises and its capacity to promote effective prevention efforts that reduce the burden of acute and chronic disease on Oregon families.

III. OHA Budget priorities for the 2019-2021 biennium

OHA's budget priorities address 3 goals: 1) provide long-term sustainable funding for Oregon's Medicaid program and innovative health transformation; 2) support healthy children and families and 3) strengthen key service systems that ensure the health of Oregonians.

1) Sustain Health Transformation in Oregon

Maintain coverage in the Oregon Health Plan (Medicaid and the Children's Health Insurance Program):

More than 1 in 4 Oregonians receives health coverage through the Oregon Health Plan, including 1 in 3 residents of many rural Oregon counties. Oregon's share of Medicaid funding generates \$10.5 billion in federal matching funds, which support vital health care and jobs across Oregon. Oregon's health transformation efforts have saved taxpayers \$2.2 billion since 2012 through the state's innovative Medicaid reforms.

- **Close Oregon's Medicaid funding gap (\$830 million investment):** Oregon's Medicaid funding gap for the 2019-2021 biennium threatens Oregon's rate of health coverage, the state's cost-saving health reform efforts and the strength of its economy. OHA will work with partners to develop long-term mechanisms to sustainably fund Oregon's Medicaid share.
- **Improve health and drive down Medicaid costs through value-based care:** Oregon has pioneered innovative cost-saving transformations in health care delivery through CCOs and expanded use of patient-centered primary care homes (PCPHs). In 2019-2021, OHA will expand the use of value-based payment tools that reward providers for better care and lower Medicaid costs for the state by reducing the use of low-value care and volume-based reimbursement. In addition, OHA is developing policy options for achieving the Governor's vision for the next CCO contracts that further contains costs by investing in prevention and social determinants of health, behavioral health, and paying for value.
- **Increase the price of tobacco (generates an additional \$426 million above current tobacco tax):** This concept would increase the price of tobacco products (including a \$2.00 per pack increase on cigarettes) and dedicate 10 percent of the price increase to tobacco and chronic disease prevention. Tobacco use is the leading preventable cause of death and disease in Oregon. Tobacco claims nearly 8,000 lives in Oregon per year and costs the state over \$2.5 billion in medical spending, lost productivity and early death. Research shows increasing the price of tobacco reduces tobacco consumption, saves lives and prevents tobacco-related disease. Not raising the price of tobacco would jeopardize the success of the state's health transformation efforts, contribute to health disparities and put youth and adults at greater risk for cancer and chronic disease.
- **Increase the price of alcohol (generates an additional \$410 million in revenue):** This concept aims to increase the retail price of alcohol by 10 percent. It directs 10 percent of any new revenues to OHA for alcohol and other drug prevention. Alcohol use is a cause or contributing factor in many complex health and social problems, including child abuse, domestic violence, serious injuries, heart disease, liver disease, cancer and other diseases. Excessive alcohol use

and many of the problems it causes are on the rise. In Oregon, alcohol-related deaths have increased 38 percent since 2001, killing nearly 2,000 people in 2016. The direct and indirect burdens that alcohol-related problems place on the public's health and health care systems limit the ability of health transformation in Oregon to succeed.

Expand health transformation through public employee health plans (PEBB/OEBB): Through PEBB and OEBB, Oregon can expand the cost-saving coordinated care model beyond Medicaid and integrate value-based payments and other reforms across Oregon's health care delivery system, saving taxpayer dollars and reducing health care costs for all Oregonians.

- **Control costs in PEBB/OEBB:** For the 2019-2021 biennium, OHA will partner with the OEBB and PEBB boards to expand the use of coordinated care, value-based payments and other reforms to hold cost growth to a sustainable rate of growth in the state's public employee health plans.

2) Provide healthy, safe and successful supports for children, teens and families

Close gaps in intervention and support systems for children and teens: Healthy children are better prepared to do well in school, which has an impact on their health later in life. However, children's services remain underfunded and fragmented. For example:

- 50 percent of infants in Oregon are covered through the Oregon Health Plan – yet public health programs have limited capacity to provide effective early interventions for newborns and their families.
- CCOs and state and local partners serving at-risk youth have struggled to bridge gaps in care.
- Oregon's youth suicide prevention plan receives one-twentieth the level of funding needed to provide effective adolescent suicide prevention programs statewide.
- **Increase home visiting services to more OHP families statewide (Investment TBD):** Evidence shows that early interventions before age five have a positive impact on a child's health and wellness in adulthood. This budget request would increase evidence-based home visiting after birth. Home visiting strengthens community connections for families, parenting skills and behaviors, the safety of home environments and maternal mental health. It is also linked to reduced emergency care for infants. Ultimately, children and families are more attached, have improved stability, use higher quality day care and are better prepared for kindergarten.
- **Align services for Youth with Specialized Needs (Projected savings TBD):** Youth with specialized needs are at-risk teens who are involved in foster care and often have serious behavioral health problems, as well as juvenile justice issues. Better coordination between DHS, OYA, OHA and CCOs will align efforts to better serve at-risk youth, put them on a trajectory for greater success in their lives and reduce the need for costly interventions.

3) Strengthen vital systems that improve and protect the health of Oregonians

Improve Oregon's behavioral health system: One in six Oregonians have a mental health diagnosis, yet not all Oregonians have access to appropriate behavioral health services. Oregon can improve the effectiveness and cost-efficiency of behavioral health treatment by shifting resources from intensive and

restrictive setting to community-based treatment, and providing accountability to local communities who are best situated to meet their residents' needs.

- **Expand outpatient behavioral health services delivered through CCOs (Savings TBD):** Expanding community-based treatment capacity managed by CCOs would keep patients healthy and in their communities and expand the capacity of community-based programs.
- **Expand community-based behavioral health treatment for .370 patients (Savings TBD):** Over-commitments of "Aid and assist" patients from local jurisdictions to the Oregon State Hospital continue to reduce the hospital's capacity to serve patients with civil commitments and pose challenges to effective treatment and recovery. Redirecting resources from OSH .370 commitments to the community will ensure more appropriate use of OSH's treatment capacity, save costs and enhance community treatment for people with behavioral health problems who are involved in the criminal justice system.

Modernize Oregon's public health system: In recent years, Oregon's public health system has been called on to respond to a wide range of health events, such as disease outbreaks (e.g., influenza, Zika, salmonella, etc.), wildfires, air toxics exposures and other emergencies, including the Columbia Gorge oil train derailment, the Umpqua Community College shooting and the Malheur Refuge occupation. Despite these demands, only 1 in 4 Oregonians live in communities that have the full array of modern public health programs and capabilities. These necessary capabilities include: communicable disease prevention, emergency preparedness and prevention services, among other capacities. Today, Oregon spends less per capita on public health programs than neighboring states, such as Idaho. This biennium, OHA awarded \$3.9 million in grants to support programs to pilot the modernization of communicable disease prevention and health equity in communities across the state. However, this down payment is a portion of the total amount needed to develop a fully modernized public health system in Oregon, which is currently not fully prepared to the growing health threats state residents face.

- **Enhance state investment in modernized public health capabilities across the state (Investment TBD):** Build on the state's pilot investments in public health modernization by providing sufficient funding to modernize public health capabilities serving all communities in Oregon.

From: [ALLEN Patrick](#)
To: [EDLUND Tina * GOV](#); [MOAWAD Heidi * GOV](#)
Cc: [Jagger Dawn A](#); [KAUTZ Kristine M](#)
Subject: Fwd: Heads up: Umatilla County client denied admission to OSH on 3/22/18
Date: Friday, March 23, 2018 8:15:42 AM

FYI

Pat.

Sent from my iPhone

Begin forwarded message:

From: WEHR Derek <Derek.WEHR@dhsosha.state.or.us>
Date: March 23, 2018 at 6:49:44 AM PDT
To: Allen Patrick <Patrick.Allen@dhsosha.state.or.us>
Cc: "Matteucci Dolores (Dolly)"
<DOLORES.MATTEUCCI@dhsosha.state.or.us>, Swanson John A
<John.A.SWANSON@dhsosha.state.or.us>
Subject: Heads up: Umatilla County client denied admission to OSH on 3/22/18

Good morning Pat,

I wanted you to have some information in case you or someone in your office is contacted about a situation that occurred yesterday with Umatilla County.

Yesterday afternoon, we were expecting one .370 (aid and assist) admission from Umatilla County. When the transport arrived, they had two clients for admission. Umatilla County did not follow the standard process of sending us the .370 court order and medical information about the second client they wanted OSH to admit. Instead, the Umatilla transport officer handed us a signed .370 order for the second client upon arrival.

I was contacted by our admissions office and I made the decision to admit the second client. I thought it was important to honor the judge's order despite the county not following the standard process, however when we looked into the situation further, we decided to

deny admission for the second client. He was transported back to Umatilla County.

Here's why:

When we looked at the Statement of Imprisonment (SOI), we discovered that the client had exceeded the statutory maximum for the charges on the order (from the combination of this client's previous OSH admissions and time spent in the Umatilla County jail on these misdemeanor charges). We explained this to the Umatilla County transport office and the transporter and both understood that after reviewing the SOI, the admission would be inappropriate.

We will be following up again this morning with the Umatilla County transport office, the court and the jail commander to ensure that all stakeholders understand the situation with this client.

The .370 order was signed on 3/19/18. Per the *Mink* agreement, we aren't obligated to admit this client until 3/26/18.

Please let me know if you would like more information or have any questions.

Have an excellent day,

Derek

Derek Wehr | Deputy Superintendent

OREGON STATE HOSPITAL | Desk: 503.945.7771 | Cell: 503.569-6076
Email: derek.wehr@state.or.us | Web: osh.oregon.gov

CONFIDENTIALITY NOTICE

This email may contain information that is privileged, confidential, or otherwise exempt from disclosure under applicable law. If you are not the addressee or it appears from the context or otherwise that you have received this email in error, please advise me immediately by reply email, keep the contents confidential, and immediately delete the message and any attachments from your system.

From: [ROMAN Linda * GOV](#)
To: [MOLLER Mary * GOV](#); [RICE-WHITLOW Kristina * GOV](#)
Cc: [EDLUND Tina * GOV](#); [BENSON Coline * GOV](#)
Subject: Recommendation for May Senate Confirmation - Health Boards & Commissions
Date: Monday, April 9, 2018 1:06:52 PM
Attachments: [May Appointments Healthcare PA 4918 .xlsx](#)
[DRAFT Memo Oregon State Hospital Advisory Board, Chair and Vicechair 4918 .doc](#)

Mary and Kristina,

Attached, please find our Board and Commission recommendations for the May Senate confirmation. Additionally, you will also find attached a memo on my recommendation for the Governor's selection of Chair and Vice chair to the Oregon State Hospital Advisory Board (does not need to be confirmed by Senate). I've been in communication with John Swanson, Interim Administrator and OHA on the recommendation as well. The next board meeting will be on May 15, 2018. Please let me know if we need to include additional information.

Thank you so much for walking me through this!

Thank you,
Linda

Linda Roman, Deputy Healthcare Policy Advisor

Office of Governor Kate Brown
Somerville Building
775 Court Street NE
Salem, OR 97301

Mailing address:
900 Court Street NE, 254
Salem, OR 97301

Phone: 503-428-3524

Executive Assistant Coline Benson
Coline.Benson@oregon.gov

Board Name	Position #	Candidate	Replacing	Reappointment (yes/no?)	Notes
Dentistry, Oregon Board of	7	Amy Fine	N/A	Yes	Medford - Dentist
Dentistry, Oregon Board of	1	Yadira Martinez	N/A	Yes	Hillsboro- Hygienist, Diversity Candidate
Dentistry, Oregon Board of	2	Gary Underhill	N/A	Yes	Enterprise - Dentist
Denture Technology Board	6	Rick Campell		No	Roseburg - Dentist
Hospital Advisory Board, Oregon State	10	Justin Ottman	N/A	Yes	Public Member
Hospital Advisory Board, Oregon State	11	Mary San Blise	Douglas W Smith	No	Salem- RN, Diversity candidate Smith has recently retired. This is a non voting position.
Massage Therapist Board, State Board of	2	John Combe	David Fredrickson	No	La Grande - Liscenced Massage Therapist
Medical Imaging, Board of	12	Ronald Boucher	N/A	Yes	Veteran, Diversity Candidate
Patient Safety Commission Board of Directors, Oregon	16	Linda Kirschbaum		Yes	Nursing Home Admistrator Position
Pharmacy, Board of	4	Wassin Ayoub	Katie James	No	Tigard- Diversity Candidate, Retail Phamacist
Physical Therapist Licensing Board	5	Aubree Benson	N/A	Yes	Portland- Physical Therapist
Physical Therapist Licensing Board	3	Alan McAvoy	N/A	Yes	Tigard- Inhome Physical Therapist
Physical Therapist Licensing Board	7	Dwight Terry	Carol Sutton	No	Beaverton- Public Member Position, Veteran/ Diversity Candidate
Psychiatric Secuirty Review Board	7	Catherine Miller	N/A	Yes	Portland- Psychologist; Juvenile Panel
Psychologist Examiners, State Board of	5	Cliff Johannsen	N/A	Yes	Chair, Psychologist

Kate Brown
Governor



MEMORANDUM

Issue: Oregon State Hospital Advisory Board- Governor selection of OSHAB voting members as chairperson and another as vice chairperson

This Memo Prepared By: Linda Roman, Deputy Healthcare Policy Advisor

Date: March 30, 2018

Preparer's Cell: 503-428-3524

I recommend nominating the following people for Chair and Vice chair as defined in ORS 179.560:

Board Name:	Position	Candidate:	Bio	Replacing
Oregon State Hospital Advisory Board	Chair	Andre Pruitt, Health Care Professional	Andre Pruitt has eleven years experience working in a community based mental health agency, Multnomah County Health Clinic and was the clinical supervisor at the OHSU Avel Gordly Center for Healing. These work experiences allowed Mr. Pruitt to work with clients who were civilly committed and under the jurisdiction of the Psychiatric Security Review Board as they transitioned back into the community. Mr. Pruitt has been an active member of the Oregon State Hospital Advisory Committee since 2016.	Beckie Child, Oregon Hospital Advisory Board Chair
Oregon State Hospital Advisory Board	Vice Chair	Javonn D. Shearn, Advocate	Javonn Shearn has been doing mental health advocacy for two years. Ms. Shearn has been an active member of the Oregon State Hospital Advisory Board since July 2017. She has participated in two hospital workgroups: one which addressed the aid-and-assist social work communication process and one to improve the patient grievance process. Ms. Shearn is a parent of an adult son with schizophrenia and has had to learn to navigate the system. She knows the emotional, mental and physical toll it can take on everyone involved. She recently began developing a program called "Someone's Someone" which will	

This is an internal communication and may be confidential. Portions of this document are advisory in nature and may be exempt from public disclosure pursuant to ORS 192.502(1).

			help parents advocate for their loved ones.	
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Boards/Commissions that are being deferred till next selection

Board/Commission Name	Position (s)	Notes

From: [BUEHLER Dustin E * GOV](#)
To: [EDLUND Tina * GOV](#)
Cc: [ISAAK Misha * GOV](#)
Subject: FW: Tribal orders, recognition of mental health
Date: Monday, April 16, 2018 4:38:49 PM
Attachments: [GOV OR GG 2018 01 q1 Mental Health Proposed new Oregon law.pdf](#)

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(503) 378-6246

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O.R.S. § 426.800

431.005 Involuntary Commitment Pursuant to Tribal Court Order

- (1) Notwithstanding any other provision of Chapter 426, a court of a federally recognized tribe located within the State of Oregon may issue an order of commitment to the Oregon Health Authority provided all other provisions of this section are met.
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- (3) Evidence of mental illness shall be supported by testimony of a mental health professional licensed by the Oregon Board of Licensed Professional Counselors and Therapists.
- (3) The tribal court shall ensure the person subject to an involuntary commitment order has been provided the following:
 - (a) All of the applicable rights guaranteed under the federal Indian Civil Rights Act, 25 U.S.C. §§ 1301-1304.
 - (b) At cost to the tribe, representation by a person permitted to practice before the tribal court.
 - (c) The right to petition for reconsideration of the court's commitment order based on new evidence or substantially changed circumstances.
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Subject: RE: Tribal orders, recognition of mental health
Date: Tuesday, April 17, 2018 9:01:46 AM
Attachments: [1a Mental Health attachments draft legislation and news articles.pdf](#)

Hi Dustin,

I connected with [Julie Johnson](#) Tribal Affairs Director at OHA last week on this issue and other Tribal issues that OHA is working on. This mental health LC has not come up in OHA's Tribal meeting with the Tribes. Would be great to touch base, and let me know if I should connect you over email. I sent her the attachment that Misha shared for background.

Linda

Linda Roman, Deputy Healthcare Policy Advisor

Office of Governor Kate Brown
Somerville Building
775 Court Street NE
Salem, OR 97301

Mailing address:
900 Court Street NE, 254
Salem, OR 97301

Phone: 503-428-3524

Executive Assistant Coline Benson
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PACIFIC NORTHWEST NEWS

'Dangerous' psychiatric patient escapes in transit near Maupin

Updated Sep 24, 2017;
Posted Sep 23, 2017



Rodrick
Edminston, 22,
has schizophrenia
and is thought to
be dangerous.

(Oregon State
Police)

57

1.2k
shares

By Anna Marum, amarum@oregonian.com

The Oregonian/OregonLive

UPDATE: He's been found.

Police are asking for the public's help locating a 22-year-old man who escaped from custody at a rest area near Maupin on Friday.

According to Oregon State Police, Rodrick Edminston escaped at the Cow Canyon rest stop, about 20 miles south of Maupin, near the Warm Springs Reservation.

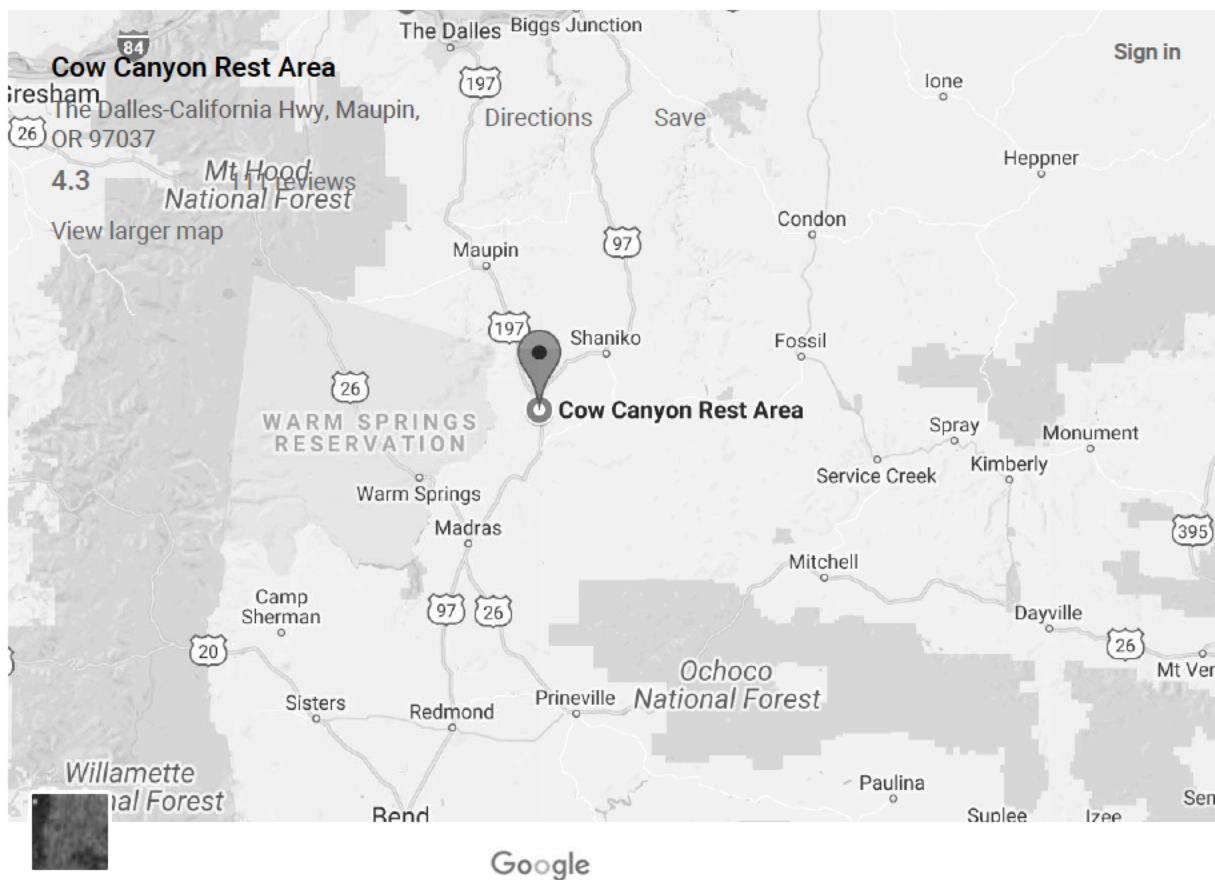
J&R Secure Transport was transporting Edminston from a psychiatric facility in Pendleton to Bend via Highway 97 when Edminston escaped, police said. It is not clear how he got away or whether he has a vehicle.

Oregon State Police and Wasco County Sheriff's Office searched the area, but did not find Edminston.

Edminston is about 5'8", weighs 123 pounds and has black hair and brown eyes. He was last seen wearing a red shirt, shorts, and red tennis shoes. He was not restrained while being transported and was not armed, police say. He did not have any known friends or family in the immediate area where he was last seen.

Lifeways Inc., the mental health facility, had classified Edminston as "dangerous," and had been holding him on a mental health hold. According to police, he has been diagnosed with schizophrenia.

Edminston does not face any criminal charges. Police are asking anyone who sees Edminston or has information about his location to contact local law enforcement or Lifeways at 541-276-6207.



-- Anna Marum

amarum@oregonian.com

503-294-5911

[@annamarum](https://www.instagram.com/annamarum)

EAST OREGONIAN

Court to decide fate of woman who suffered delusions, cut man's throat

Mother of four suffered delusions during attack; judge will decide whether she stays in community or goes to state mental hospital

Kathy Aney • East Oregonian

Published on March 14, 2017 12:01AM

Last changed on March 14, 2017 9:50PM



STAFF PHOTO BY E.J. HARRIS

Vanessa Logman stands next to her attorney Michael Breiling during a pre-trial hearing Monday at the Stafford Hansell Government Center in Hermiston.

The case of Vanessa Logman is one tiny step closer to a conclusion. At stake is where she will live when it's over.

Nine months after cutting a man's throat near Pilot Rock, the Pendleton mother of four attended another pre-trial hearing Monday so judge and attorneys could compare notes on the case. Logman has undergone two independent psychological examinations to determine her mental state when she attacked a Hermiston man near Pilot Rock.

Before the assault, the Pendleton woman had a record marred only by a single traffic violation several years earlier. On June 4, all that changed.

Her husband, Dan, arrived home from work the night before to find dinner prepared and evidence that his boys had been playing on the Slip 'N Slide in the yard. Unbeknownst to Dan, Vanessa, who has bipolar disorder, had set off in the family van for Indian Lake with her sons. She had no food, water or camping gear and the Ford Windstar's gas tank was almost empty. The family slept in the van and, according to Dan, Vanessa progressed to "a full-on delusional state," as Vanessa believed she was being chased.

The next morning, she and the boys walked toward Pilot Rock in 90-degree heat, eventually waving down Bill Porter and his ex-wife, Brenda Porter. At the offer of a ride, Vanessa and her sons climbed into the back seat of Porter's Dodge pickup. According to police reports, she pulled a knife from her purse, grabbed Bill Porter's shoulder and sliced into his throat. The Hermiston man braked and he and Brenda Porter pulled Vanessa from the truck, wresting the knife from her hand.

Logman was booked into the Umatilla County Jail on charges of attempted murder, assault in the second degree and two counts of unlawful use of a weapon. Bill Porter's wound required 11 stitches. Brenda Porter suffered minor injuries.

A psychological exam concluded that she was mentally impaired during the attack, according to Dan, though the results are not yet available to the public. At a pre-trial hearing last November, chief deputy district attorney Jaclyn Jenkins asked Umatilla County Circuit Court Judge Daniel J. Hill to authorize another psychological exam and was granted the request. Logman submitted to another examination in January at the Oregon State Hospital.

Two experts agreeing that Logman was mentally impaired during her criminal act opens the door for use of a guilty but insane defense at trial. Though neither attorney would talk about the conclusions of either examination, their actions in court indicate they are proceeding as if the defendant is someone deemed to be guilty except for insanity.

On Monday, the 31-year-old defendant sat next to her attorney, Michael Breiling, as her husband watched from the gallery. Judge Hill listened as Breiling requested time to determine whether mental health professionals from the Confederated Tribes of the Umatilla Indian Reservation could legally

supervise Logman's mental health care for the Psychiatric Security Review Board, which oversees individuals who are ruled to be guilty except for insanity. Breiling and Jenkins checked their schedules and agreed on May 8 at 2:30 p.m. for the next pre-trial hearing.

Ultimately, Judge Hill must decide whether Logman must go to the Oregon State Hospital for treatment or continue treatment in her community. Breiling is pushing for the community scenario. Jenkins wants otherwise.

"I believe this defendant should go to the State Hospital," Jenkins said. "That has been my position."

Both parties have agreed that Judge Hill should decide Logman's fate rather than a jury.

"The judge will make a determination whether Vanessa is dangerous to others," Breiling said. "He will decide about whether she is conditionally released or committed to the State Hospital."

After the hearing, Vanessa and Dan sat down to decompress. It's been a long haul, Dan said.

"It's been nine months, 10 days," he said, pausing to look at his watch, "and 37 minutes since I was informed about what happened."

He believes his wife should stay in the community with her family.

"Both doctors have argued in essence she was suffering from a mental disease at the time," Dan said. "It would seem an easy thing to say that someone who has never been in trouble before is owed a second chance."

After being released on bail shortly after the attack, Vanessa said, the couple devised a plan to help her stay psychologically healthy. She sees a counselor weekly. Dan keeps a medication log, noting the time and drug — even asking her to stick out her tongue to show the pill. They exercise together several times each week and eat nutritious meals.

"We have more safety nets in place," Vanessa said.

The couple continues to wonder whether the whole incident could have been averted if Vanessa had been able to get a counseling appointment as she attempted to do the day before at the Yellowhawk Tribal Health Center.

They said the past months have strengthened their relationship.

"This kind of thing tears you apart or brings you together," Dan said. "In the nine years we have been together, we have never been closer."

They feel grateful to the Porter's "act of kindness," stopping that day. They fear what might have happened to the boys without the kindness of strangers.

From: [BUEHLER Dustin E * GOV](#)
To: [ROMAN Linda * GOV](#)
Cc: [EDLUND Tina * GOV](#); [ISAAC Misha * GOV](#)
Subject: Re: Tribal orders, recognition of mental health
Date: Tuesday, April 17, 2018 9:09:32 AM

Great—thanks, Linda!

Let's touch base very briefly today, if possible. I'll come find you (assuming you're in Salem).

Dustin

Dustin Buehler, Deputy General Counsel
Office of Governor Kate Brown
(503) 378-6246

On Apr 17, 2018, at 9:01 AM, ROMAN Linda * GOV <Linda.ROMAN@oregon.gov> wrote:

Hi Dustin,

I connected with [Julie Johnson](#) Tribal Affairs Director at OHA last week on this issue and other Tribal issues that OHA is working on. This mental health LC has not come up in OHA's Tribal meeting with the Tribes. Would be great to touch base, and let me know if I should connect you over email. I sent her the attachment that Misha shared for background.

Linda

Linda Roman, Deputy Healthcare Policy Advisor

Office of Governor Kate Brown
Somerville Building
775 Court Street NE
Salem, OR 97301

Mailing address:
900 Court Street NE, 254
Salem, OR 97301

Phone: 503-428-3524

Executive Assistant Coline Benson
Coline.Benson@oregon.gov

From: BUEHLER Dustin E * GOV
Sent: Monday, April 16, 2018 5:13 PM
To: EDLUND Tina * GOV <Tina.EDLUND@oregon.gov>; ROMAN Linda * GOV <Linda.ROMAN@oregon.gov>
Cc: ISAAC Misha * GOV <Misha.ISAACK@oregon.gov>

Subject: RE: Tribal orders, recognition of mental health

Tina—I just talked with Misha and learned that he and Linda had already talked about this matter, and that Linda is helping us on the agency front with OHA. So you can ignore my prior e-mail. ☺

Linda: FYI, I had a call earlier today with a few individuals from the Umatilla tribe regarding the tribe's draft legislation to allow its tribal court to enter involuntary commitment orders. I'd be happy to give you a quick update on that call, if you'd like.

Dustin

Dustin Buehler, Deputy General Counsel
Office of Governor Kate Brown
(503) 378-6246

From: BUEHLER Dustin E * GOV
Sent: Monday, April 16, 2018 4:39 PM
To: EDLUND Tina * GOV <Tina.EDLUND@oregon.gov>
Cc: ISAAK Misha * GOV <Misha.ISAAK@oregon.gov>
Subject: FW: Tribal orders, recognition of mental health

Hi Tina,

The Umatilla tribe is in the process of drafting legislation for 2019 that would allow its tribal courts to issue involuntary commitment orders, committing mentally ill persons to the custody of OHA.

The tribe would like OHA's input on the draft legislation (see attached). Could you help me figure out who at OHA would be an appropriate person who can work with us on this, so we can relay any thoughts or concerns that OHA may have to the tribe?

(I'd also be happy to give you additional background in person or by phone.)

Thanks,
Dustin

Dustin Buehler, Deputy General Counsel
Office of Governor Kate Brown
(503) 378-6246

From: Naomi Stacy [<mailto:NaomiStacy@ctuir.org>]
Sent: Monday, April 16, 2018 4:21 PM
To: BUEHLER Dustin E * GOV <Dustin.E.BUEHLER@oregon.gov>
Cc: Brent Leonhard <BrentLeonhard@ctuir.org>

Subject: Tribal orders, recognition of mental health

Dustin: Great call. Let's plan on hearing back from OHA, and any guidance they have for tying in ORS 161.370/309/315 (aid and assist in competency for defense). We'll check up on the local resources/beds available and potential tribal cluster meetings this summer or fall. I built in a reminder for the end of May 2018 for us to touch base again. Thanks much!

-----Original Appointment-----

From: BUEHLER Dustin E * GOV [<mailto:Dustin.E.BUEHLER@oregon.gov>]

Sent: Thursday, April 12, 2018 9:14 AM

To: BUEHLER Dustin E * GOV; Naomi Stacy

Subject: Call | Dustin | Naomi

When: Monday, April 16, 2018 3:30 PM-4:00 PM (UTC-08:00) Pacific Time (US & Canada).

Where: Dustin to call 541-429-7405

From: BUEHLER Dustin E * GOV [<mailto:Dustin.E.BUEHLER@oregon.gov>]

Sent: Wednesday, April 11, 2018 11:02 PM

To: Naomi Stacy <NaomiStacy@ctuir.org>

Subject: RE: Got your message

Hi Naomi,

This proposed legislation looks great. I especially like how it is tied to the existing statutory definition of a person with mental illness. I think that will go a long way toward assuaging any due process concerns that may exist.

I'd be happy to chat more about this, either by phone or at our next Government-to-Government meeting.

Dustin

Dustin Buehler, Deputy General Counsel
Office of Governor Kate Brown
(503) 378-6246

From: Naomi Stacy [<mailto:NaomiStacy@ctuir.org>]

Sent: Wednesday, April 11, 2018 7:37 AM

To: BUEHLER Dustin E * GOV <Dustin.E.BUEHLER@oregon.gov>

Subject: RE: Got your message

How's this?

From: BUEHLER Dustin E * GOV [<mailto:Dustin.E.BUEHLER@oregon.gov>]
Sent: Tuesday, April 10, 2018 9:01 PM
To: Naomi Stacy <NaomiStacy@ctuir.org>
Subject: RE: Got your message

Hi Naomi,

For some reason our spam filters here in the Governor's Office appear to have mangled the e-mail you sent me earlier today with the attachment. (The e-mail is showing up in my inbox, but I'm having trouble releasing the attachment from the quarantine in our system, so I can view it.)

Can you try sending the attachment again? Once I've got it in hand, I'll take a look and get you my thoughts/comments.

Dustin

Dustin Buehler, Deputy General Counsel
Office of Governor Kate Brown
(503) 378-6246

From: Naomi Stacy [<mailto:NaomiStacy@ctuir.org>]
Sent: Tuesday, April 10, 2018 1:34 PM
To: BUEHLER Dustin E * GOV <Dustin.E.BUEHLER@oregon.gov>
Cc: Brent Leonhard <BrentLeonhard@ctuir.org>
Subject: RE: Got your message

Dustin, that sounds great. You'll see the legislation attached to an email I sent earlier today. Thanks!

From: BUEHLER Dustin E * GOV [<mailto:Dustin.E.BUEHLER@oregon.gov>]
Sent: Tuesday, April 10, 2018 12:32 PM
To: Naomi Stacy <NaomiStacy@ctuir.org>
Subject: Got your message

Hi Naomi!

Got your voicemail message—thanks for reaching out.

I assume you're referring to the draft legislation you circulated at our last government-to-government meeting? (The packet with ORS 426.800 on the top?)

If so, I'd be happy to revisit that draft later today and pass along any comments I have ASAP.

Dustin

Dustin Buehler

Deputy General Counsel

Office of Governor Kate Brown

Legal Assistant: Shevaun Gutridge

(503) 378-6246 (w)

(503) 378-6827 (f)

<1a Mental Health attachments draft legislation and news articles.pdf>

From: [ALLEN Patrick](#)
To: [KORESKE Debbie * GOV](#); [LESLIE Berri * GOV](#); [BLOSSER Nik * GOV](#); [EDLUND Tina * GOV](#); [ROMAN Linda * GOV](#)
Cc: [JAGGER Dawn](#); [NAUGHTON George M * DAS](#); [HEIBERG HOLLY](#); [EVANS Janell R](#); [VANDEHEY JEREMY](#); [KAUTZ Kristine M](#); [ROBISON Laura](#); [MACDONALD Thomas * DAS](#)
Subject: FW: May 1 memo
Date: Thursday, May 3, 2018 8:15:12 AM
Attachments: [OHA budget priorities 2019 2021 5.3.18.docx](#)

Attached, please find OHA's budget priorities memo. In this email, I've copied about everyone I could think of, but please forward as needed if I've forgotten anyone. Please let me know if you have any questions. Better yet, let Janell know, as she can likely answer them.

Pat.

Oregon Health Authority

Draft 2019-21 Budget Priorities

The Oregon Health Authority's (OHA) mission is to advance the health of every Oregonian. From Oregon's nationally recognized Medicaid reforms to its best-in-class state psychiatric hospital, OHA has played a key role in expanding health coverage and transforming the delivery of care. As an agency, we are focused on achieving better health, better care and lower costs for Oregonians – and reducing health disparities among Oregon's diverse communities. We are committed to accomplishing these goals through transparency, accountability and the wise use of public dollars.

I. Successes in the 2017-2019 biennium

- **Health coverage:** Today, 94 percent of all Oregonians have health insurance. This year OHA expanded coverage to all low-income children in the state through the Cover All Kids program.
- **Lower health care costs:** The coordinated care model has avoided \$2.2 billion in costs over the last five years and a recent independent evaluation by OHSU shows Oregon's health reforms are working: Costs are lower compared to Washington and quality, member satisfaction, and member reported health status have improved.
- **Improved accountability:** OHP enrollment has stabilized and tracked closely with forecasts. OHA successfully implemented the ONE online eligibility system, which has made the Medicaid application and renewal process simpler and more accurate. All OHP members are on schedule to receive annual eligibility reviews.

OHA does not work alone. We collaborate with and support a broad range of partners, including hospitals, coordinated care organizations (CCOs), local governments, health care providers and many other organizations and stakeholders. The 2017-2019 budget reflects their input and our shared goals to accelerate the transformation of Oregon's health care system. We look forward to collaborating with these partners as we tackle the budget challenges for the 2019-2021 biennium.

II. Challenges in the 2019-2021 biennium

State Medicaid funding gap: The Oregon Health Plan continues to face a significant budget challenge without long-term sustainable revenue for the state's share of the program. The budget challenge is created by reductions in federal match rates, use of one-time funds in 2017-19, and expiring provider assessments. Federal Medicaid match rates are expected to decrease in all programs in 2019-21. The gap in state funding to maintain current levels of enrollment is estimated to be \$830 million in 2019-2021. If the state cannot fill this gap:

- Oregon risks losing \$2.1 billion federal funds, which would be leveraged by the state's \$830 million contribution to fill the Medicaid budget gap.

Federal uncertainty: In addition to these challenges, continued uncertainty in federal health policy and spending has added further risk to Oregon's health care system. Congress' proposed cuts to public health funding threaten life-saving public health programs in communities across Oregon, the state's

ability to respond to public health crises and its capacity to promote effective prevention efforts that reduce the burden of acute and chronic disease on Oregon families.

III. OHA Budget priorities for the 2019-2021 biennium

OHA's budget priorities address 3 goals: 1) provide long-term sustainable funding for Oregon's Medicaid program and innovative health transformation; 2) support healthy children and families and 3) strengthen key service systems that ensure the health of Oregonians.

1) Sustain Health Transformation in Oregon

Maintain coverage in the Oregon Health Plan (Medicaid and the Children's Health Insurance Program):

More than 1 in 4 Oregonians receives health coverage through the Oregon Health Plan, including 1 in 3 residents of many rural Oregon counties. Oregon's share of Medicaid funding generates \$10.5 billion in federal matching funds, which support vital health care and jobs across Oregon. Oregon's health transformation efforts have saved taxpayers \$2.2 billion since 2012 through the state's innovative Medicaid reforms.

- **Close Oregon's Medicaid funding gap (\$830 million investment):** Oregon's Medicaid funding gap for the 2019-2021 biennium threatens Oregon's rate of health coverage, the state's cost-saving health reform efforts and the strength of its economy. OHA is supporting the Governor's Medicaid Financing Work Group to develop long-term mechanisms to sustainably fund Oregon's Medicaid share.
- **Improve health and drive down Medicaid costs through value-based care:** Oregon has pioneered innovative cost-saving transformations in health care delivery through CCOs and expanded use of patient-centered primary care homes (PCPCHs). In 2019-2021, OHA will expand the use of value-based payment tools that reward providers for better care and lower Medicaid costs for the state by reducing the use of low-value care and volume-based reimbursement. In addition, OHA is developing policy options for achieving the Governor's vision for the next CCO contracts that further contains costs by investing in prevention and social determinants of health, behavioral health, and paying for value.
- **Leverage state purchasing power to reduce pharmaceutical spending (\$0.3 million state funds, \$0.3 million federal funds investment):** Pharmacy costs have continually been growing across all state agencies, county and other local governments. OHA aims to establish a Statewide Pharmacy Purchasing Implementation Group to identify barriers to aligning pharmacy purchasing and identify appropriate solutions for all entities conducting pharmacy purchasing. The group will develop a Statewide Pharmacy Purchasing Implementation plan that includes analyses of both individual entity savings and aggregate statewide savings. The plan should also ensure pharmacy spending is adequately monitored and ensure responsible programs have the flexibility to adjust their strategies to address the dynamic nature of the pharmacy space.
- **Increase the price of tobacco (additional revenue TBD):** This concept would increase the price of tobacco products (including a \$2.00 per pack increase on cigarettes) and dedicate 10 percent of the price increase to tobacco and chronic disease prevention. Tobacco use is the leading preventable cause of death and disease in Oregon. Tobacco claims nearly 8,000 lives in Oregon per year and costs the state over \$2.5 billion in medical spending, lost productivity and early

death. Research shows increasing the price of tobacco reduces tobacco consumption, saves lives and prevents tobacco-related disease. Not raising the price of tobacco would jeopardize the success of the state's health transformation efforts, contribute to health disparities and put youth and adults at greater risk for cancer and chronic disease.

- **Increase the price of alcohol (additional revenue TBD):** This concept aims to increase the retail price of alcohol by 10 percent. It directs 10 percent of any new revenues to OHA for alcohol and other drug prevention. Alcohol use is a cause or contributing factor in many complex health and social problems, including child abuse, domestic violence, serious injuries, heart disease, liver disease, cancer and other diseases. Excessive alcohol use and many of the problems it causes are on the rise. In Oregon, alcohol-related deaths have increased 38 percent since 2001, killing nearly 2,000 people in 2016. The direct and indirect burdens that alcohol-related problems place on the public's health and health care systems limit the ability of health transformation in Oregon to succeed.

Expand health transformation through public employee health plans (PEBB/OEBB): Through PEBB and OEBB, Oregon can expand the cost-saving coordinated care model beyond Medicaid and integrate value-based payments and other reforms across Oregon's health care delivery system, saving taxpayer dollars and reducing health care costs for all Oregonians.

- **Control costs in PEBB/OEBB:** For the 2019-2021 biennium, OHA will partner with the OEBB and PEBB boards to expand the use of coordinated care, value-based payments and other reforms to hold cost growth to a sustainable rate of growth in the state's public employee health plans. The PEBB and OEBB boards are establishing an innovation subcommittee that will explore opportunities and align strategies to improve care and reduce costs across both programs. OHA is proposing legislation to improve the boards' ability to consider and negotiate contracts by allowing executive sessions to review proposals, which is allowed for other agencies.

2) Provide healthy, safe and successful supports for children, teens and families

Close gaps in intervention and support systems for children and teens: Healthy children are better prepared to do well in school, which has an impact on their health later in life. However, children's services remain underfunded and fragmented. For example:

- 50 percent of infants in Oregon are covered through the Oregon Health Plan – yet public health programs have limited capacity to provide effective early interventions for newborns and their families.
- CCOs and state and local partners serving at-risk youth have struggled to bridge gaps in care.
- Oregon's youth suicide prevention plan receives one-twentieth the level of funding needed to provide effective adolescent suicide prevention programs statewide.
- **Improve coordination of children's health programs and initiatives (\$0.9 million state funds, \$0.6 million federal funds investment):** Create an Office of Child Health to support children's health and well-being by addressing high-level state challenges, developing policy, and participating in partnership opportunities (including the Early Learning Division). Bringing

together experts in children's health and adding new staff resources ensures current innovative, potentially cost-saving efforts drive improvements in children's health.

- **Increase home visiting services to more OHP families statewide (\$4.1 million state funds, \$4.7 million federal funds investment):** Evidence shows that early interventions before age five have a positive impact on a child's health and wellness in adulthood. This budget request would increase evidence-based home visiting after birth. Home visiting strengthens community connections for families, parenting skills and behaviors, the safety of home environments and maternal mental health. It is also linked to reduced emergency care for infants. Ultimately, children and families are more attached, have improved stability, use higher quality day care and are better prepared for kindergarten.
- **Align services and expand in-home behavioral health services for youth with specialized needs (\$25 million state funds, \$51.5 million federal funds investment):** Youth with specialized needs are at-risk teens who are involved in foster care and often have serious behavioral health problems, as well as juvenile justice issues. Better coordination between DHS, OYA, OHA and CCOs will align efforts to better serve at-risk youth, put them on a trajectory for greater success in their lives and reduce the need for costly interventions. Additionally, expanding access to in-home and community-based services would ensure services are provided to youth in the least restrictive environment possible and reduce the strain on residential programs, who currently serve both residents and non-residents.

3) Strengthen vital systems that improve and protect the health of Oregonians

Improve Oregon's behavioral health system: One in six Oregonians have a mental health diagnosis, yet not all Oregonians have access to appropriate behavioral health services. Oregon can improve the effectiveness and cost-efficiency of behavioral health treatment by shifting resources from intensive and restrictive setting to community-based treatment, and providing accountability to local communities who are best situated to meet their residents' needs.

- **Address the addictions public health crisis and support the work of the Alcohol and Drug Policy Commission:** To respond to the epidemic of opioid (and other substance misuse, abuse, and overdose), will support the Alcohol and Drug Policy Commission in developing and implementing a cross-sector, collaborative response. The approach includes improving access to non-opioid (e.g. alternative) pain treatment; supporting naloxone access and medication assisted treatment for people taking opioids and other substances; decreasing prescribing of opioids and medications with abuse potential; educating providers and patients on harms of opioids and other substances; and using data to inform policies and interventions. Additionally, policy interventions to limit harms from alcohol abuse include (among others) increasing the price of alcohol products, limiting advertising, and maintaining state-controlled liquor distribution.
- **Expand community-based services and accountability for behavioral health:**
 - **Expand outpatient behavioral health services delivered through CCOs (Possible savings TBD):** Expanding community-based treatment capacity managed by CCOs would keep patients healthy and in their communities and expand the capacity of community-based programs.

- **Community-based interventions for .370 patients (Possible savings TBD):** Over-commitments of “Aid and assist” patients from local jurisdictions to the Oregon State Hospital continue to reduce the hospital’s capacity to serve patients with civil commitments and pose challenges to effective treatment and recovery. OHA is proposing several steps to redirect resources and accountability for OSH .370 commitments to the community to reduce costs and enhance community based treatment for people with behavioral health problems who are involved in the criminal justice system, such as prohibiting municipal courts from sending patients to OSH for minor violations.
- **Expand access to School Based Mental Health Services (\$675,000 state funds investment):** Youth from pre-K through 12 exhibit behaviors and symptoms during the school day that interfere with their learning and ability to stay in the classroom. For many students, school based services may be the only way they can access behavioral health services due to constraints in their lives. Ensuring access in counties who currently have neither a SBHC nor any OHA-funded school based mental health services and expanding services in SBHC sites addresses the progressively higher unmet mental health needs as identified by students in the Oregon Health Teens survey.
- **Reduce risk factors for suicide for Oregon youth and adults (\$6.4 million state funds investment):** Suicide is the eighth leading cause of death among Oregonians and the second leading cause of death among Oregonians aged 15 to 34. Developing and implementing an Adult State Suicide Prevention and Postvention Plan and implementing the Oregon Youth Suicide Intervention and Prevention Plan aims to reduce the overall incidence of suicide. These plans augment the behavioral health service system in Oregon by evaluating prevention, intervention, and post-suicide activities; providing programs for groups at extremely high risk of suicide; and ensuring Oregon’s suicide hotline and other crisis support services are sustainable.
- **Expand statewide problem gambling prevention and treatment system (\$20 million lottery funds investment):** Problem gambling prevention and outreach programs are directed at avoiding or reducing the emotional, physical, social, legal and financial consequences of problem gambling for the gambler, the gambler’s family and the community. Expanding problem gambling treatment and prevention services across the state of Oregon would ensure the prevalence of gambling disorder does not increase with the expansion of gambling opportunities in Oregon.
- **Modernize behavioral health data system (\$1 million state funds, \$1 million federal funds investment):** Improving the behavioral health data-reporting system would reduce the administrative burden on contracting providers, increase the agency’s ability to tie reporting responsibilities to payment, and improve the standardization of data in the agency, thereby increasing the agency’s ability to measure outcomes and accurately maintain our required reporting responsibilities.
- **Improve safety and patient care at the Oregon State Hospital (\$2.3 million state funds investment):** This investment supports patient and staff safety, patient care and regulatory compliance improvement through a stronger, better trained, supported, equipped, and engaged work force at the Oregon State Hospital. OSH would create a pathway to retain “float pool” staff

in full time permanent positions, expand staff resources to improve compliance with The Joint Commission and CMS regulations, implement trauma-informed patient care throughout OSH, complete the Collaborative Problem Solving intervention methodology, and implement comprehensive, trauma-informed programs/processes to assist staff who experience trauma on the job.

- **Continued investment in behavioral health delivery system infrastructure (\$5.7 million state funds, \$0.5 million federal funds investment):** OHA aims to build on the standards established for behavioral health homes by funding a program within the agency similar to its effective and highly-adopted patient-centered primary care home (PCPCH) program. We also seek to make permanent the Mental Health Clinical Advisory Group, which makes recommendation on changes needed to any preferred drug list used by the authority and develops practice guidelines for the treatment of mental health disorders with mental health drugs. Lastly, OHA aims to bridge the “digital divide” between physical health and behavioral health by providing incentives for the use of electronic health records by Oregon’s behavioral health providers.

Modernize Oregon’s public health system: In recent years, Oregon’s public health system has been called on to respond to a wide range of health events, such as disease outbreaks (e.g., influenza, Zika, salmonella, etc.), wildfires, air toxics exposures and other emergencies, including the Columbia Gorge oil train derailment, the Umpqua Community College shooting and the Malheur Refuge occupation. Despite these demands, only 1 in 4 Oregonians live in communities that have the full array of modern public health programs and capabilities. These necessary capabilities include: communicable disease prevention, emergency preparedness and prevention services, among other capacities. Today, Oregon spends less per capita on public health programs than neighboring states, such as Idaho. This biennium, OHA awarded \$3.9 million in grants to support programs to pilot the modernization of communicable disease prevention and health equity in communities across the state. However, this down payment is a portion of the total amount needed to develop a fully modernized public health system in Oregon, which is currently not fully prepared to the growing health threats state residents face.

- **Enhance state investment in modernized public health capabilities across the state (\$47.7 million state funds investment):** Build on the state’s pilot investments in public health modernization by providing sufficient funding to modernize public health capabilities serving all communities in Oregon.

From: [CROWELL Courtney * GOV](#)
To: [EDLUND Tina * GOV](#); [ROMAN Linda * GOV](#)
Subject: Follow-up from Governor's visit to Eastern Oregon
Date: Thursday, May 3, 2018 12:19:53 PM

Tina and Linda,

On Sunday the Governor had lunch in Enterprise with a bunch of folks from Wallowa County. We actually ended up talking about health care for a good portion of the meeting and here's a few follow-up items I wanted to pass along.

1. The Wallowa County hospital CEO said that since Trump was elected (or maybe since some of the ACA rollbacks) their uninsured rate has gone from less than 5% to 18%. The Governor was very interested in this and was hoping for a most recent statewide look at the uninsured rate to see if what is happening in Wallowa County is happening elsewhere.
2. The hospital CEO was also asking for some help with GPS instruments at the Joseph airport (state owned) since they rely on Lifeflight and helicopter rides to larger hospitals. The hospital is willing to help pay for this, but they haven't gotten much help with the dept. of aviation. I've already flagged this for Mitch Swecker and asked him to help but wanted to flag for you guys as well.
3. When we were meeting with the Confederated Tribes of the Umatilla Indian Reservation (CTUIR) they brought up A LOT the aid and assist stuff and their need to be able to involuntarily commit Tribal members with mental illness and get them help. I've flagged this for Misha and Dustin and I think it's definitely something that has come up in the Government to Government meetings but one particular ask they made is to try and get tribal representation on Prozanski's workgroup that is looking at this issue.
4. My final follow-up is not on the Governor's visit, but on Monday my whole Eastern Oregon Regional Solutions team met with the CTUIR economic development folks and they brought up an issue I wanted to flag for you. Cayuse Technologies which is a tribally owned software company out of Pendleton wants to compete for a portion of the I/E system through DHS. They are doing similar work with the state of Texas and are a pretty big outfit and have quite a few big corporate and federal govt. contracts and are trying to get into the OR state procurement system but keep getting blocked. The latest one is the User Acceptance RFP through the I/E system. They were all set to submit when one of the addendum items came out that the work has to be done at the state building in Salem which makes it really hard for this tribally owned, rural company to compete. I don't know if this is a flag for you guys or someone else, but I thought I would start with you. Let me know if you need more info or I can pass this along to someone else.

Let me know if you have any questions.

Thanks,
Courtney

Courtney Crowell

Regional Solutions Coordinator, Eastern Oregon

Office of Governor Kate Brown

Cell: 541-429-2120

Courtney.crowell@oregon.gov

From: [ROMAN Linda * GOV](#)
To: [CROWELL Courtney * GOV](#); [EDLUND Tina * GOV](#)
Subject: RE: Follow-up from Governor's visit to Eastern Oregon
Date: Thursday, May 3, 2018 1:26:22 PM

Hi Courtney,

Thank you for connecting us to this follow up. On the issue with CTUIR, Dustin and I are working with OHA to gather feedback on their LC. We just had a meeting with CTUIR attorneys this morning to better understand the intent of the LC as we work with OHA on feedback. Let me know if you would like me to update you on how this develops. I was not aware that Prozanski had a workgroup working on this issue already. I'll look into it.

On your first bullet about the uninsured rate, DCBS is evaluating impact to the rollbacks, (I am sure Tina will have more to share about this too).

Thanks so much for the update!

LR

Linda Roman, Deputy Healthcare Policy Advisor

Office of Governor Kate Brown
Somerville Building
775 Court Street NE
Salem, OR 97301

Mailing address:
900 Court Street NE, 254
Salem, OR 97301

Phone: 503-428-3524

Executive Assistant Coline Benson
Coline.Benson@oregon.gov

From: CROWELL Courtney * GOV
Sent: Thursday, May 3, 2018 12:20 PM
To: EDLUND Tina * GOV <Tina.EDLUND@oregon.gov>; ROMAN Linda * GOV <Linda.ROMAN@oregon.gov>
Subject: Follow-up from Governor's visit to Eastern Oregon

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Let me know if you have any questions.

Thanks,
Courtney

Courtney Crowell

Regional Solutions Coordinator, Eastern Oregon

Office of Governor Kate Brown

Cell: 541-429-2120

Courtney.crowell@oregon.gov

From: [EDLUND Tina * GOV](#)
To: [SMITH Cameron * DCBS](#)
Subject: Memo
Date: Monday, May 7, 2018 12:09:19 PM
Attachments: [OHA_budget_priorities_2019_2021_5.3.18.docx](#)

This is the format we are using for OHA budget priorities. I'll likely add yours and retitle the memo as "Health Care Budget Priorities".

Thanks!

T

Oregon Health Authority

Draft 2019-21 Budget Priorities

The Oregon Health Authority's (OHA) mission is to advance the health of every Oregonian. From Oregon's nationally recognized Medicaid reforms to its best-in-class state psychiatric hospital, OHA has played a key role in expanding health coverage and transforming the delivery of care. As an agency, we are focused on achieving better health, better care and lower costs for Oregonians – and reducing health disparities among Oregon's diverse communities. We are committed to accomplishing these goals through transparency, accountability and the wise use of public dollars.

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- **Health coverage:** Today, 94 percent of all Oregonians have health insurance. This year OHA expanded coverage to all low-income children in the state through the Cover All Kids program.
- **Lower health care costs:** The coordinated care model has avoided \$2.2 billion in costs over the last five years and a recent independent evaluation by OHSU shows Oregon's health reforms are working: Costs are lower compared to Washington and quality, member satisfaction, and member reported health status have improved.
- **Improved accountability:** OHP enrollment has stabilized and tracked closely with forecasts. OHA successfully implemented the ONE online eligibility system, which has made the Medicaid application and renewal process simpler and more accurate. All OHP members are on schedule to receive annual eligibility reviews.

OHA does not work alone. We collaborate with and support a broad range of partners, including hospitals, coordinated care organizations (CCOs), local governments, health care providers and many other organizations and stakeholders. The 2017-2019 budget reflects their input and our shared goals to accelerate the transformation of Oregon's health care system. We look forward to collaborating with these partners as we tackle the budget challenges for the 2019-2021 biennium.

II. Challenges in the 2019-2021 biennium

State Medicaid funding gap: The Oregon Health Plan continues to face a significant budget challenge without long-term sustainable revenue for the state's share of the program. The budget challenge is created by reductions in federal match rates, use of one-time funds in 2017-19, and expiring provider assessments. Federal Medicaid match rates are expected to decrease in all programs in 2019-21. The gap in state funding to maintain current levels of enrollment is estimated to be \$830 million in 2019-2021. If the state cannot fill this gap:

- Oregon risks losing \$2.1 billion federal funds, which would be leveraged by the state's \$830 million contribution to fill the Medicaid budget gap.

Federal uncertainty: In addition to these challenges, continued uncertainty in federal health policy and spending has added further risk to Oregon's health care system. Congress' proposed cuts to public health funding threaten life-saving public health programs in communities across Oregon, the state's

ability to respond to public health crises and its capacity to promote effective prevention efforts that reduce the burden of acute and chronic disease on Oregon families.

III. OHA Budget priorities for the 2019-2021 biennium

OHA's budget priorities address 3 goals: 1) provide long-term sustainable funding for Oregon's Medicaid program and innovative health transformation; 2) support healthy children and families and 3) strengthen key service systems that ensure the health of Oregonians.

1) Sustain Health Transformation in Oregon

Maintain coverage in the Oregon Health Plan (Medicaid and the Children's Health Insurance Program):

More than 1 in 4 Oregonians receives health coverage through the Oregon Health Plan, including 1 in 3 residents of many rural Oregon counties. Oregon's share of Medicaid funding generates \$10.5 billion in federal matching funds, which support vital health care and jobs across Oregon. Oregon's health transformation efforts have saved taxpayers \$2.2 billion since 2012 through the state's innovative Medicaid reforms.

- **Close Oregon's Medicaid funding gap (\$830 million investment):** Oregon's Medicaid funding gap for the 2019-2021 biennium threatens Oregon's rate of health coverage, the state's cost-saving health reform efforts and the strength of its economy. OHA is supporting the Governor's Medicaid Financing Work Group to develop long-term mechanisms to sustainably fund Oregon's Medicaid share.
- **Improve health and drive down Medicaid costs through value-based care:** Oregon has pioneered innovative cost-saving transformations in health care delivery through CCOs and expanded use of patient-centered primary care homes (PCPCHs). In 2019-2021, OHA will expand the use of value-based payment tools that reward providers for better care and lower Medicaid costs for the state by reducing the use of low-value care and volume-based reimbursement. In addition, OHA is developing policy options for achieving the Governor's vision for the next CCO contracts that further contains costs by investing in prevention and social determinants of health, behavioral health, and paying for value.
- **Leverage state purchasing power to reduce pharmaceutical spending (\$0.3 million state funds, \$0.3 million federal funds investment):** Pharmacy costs have continually been growing across all state agencies, county and other local governments. OHA aims to establish a Statewide Pharmacy Purchasing Implementation Group to identify barriers to aligning pharmacy purchasing and identify appropriate solutions for all entities conducting pharmacy purchasing. The group will develop a Statewide Pharmacy Purchasing Implementation plan that includes analyses of both individual entity savings and aggregate statewide savings. The plan should also ensure pharmacy spending is adequately monitored and ensure responsible programs have the flexibility to adjust their strategies to address the dynamic nature of the pharmacy space.
- **Increase the price of tobacco (additional revenue TBD):** This concept would increase the price of tobacco products (including a \$2.00 per pack increase on cigarettes) and dedicate 10 percent of the price increase to tobacco and chronic disease prevention. Tobacco use is the leading preventable cause of death and disease in Oregon. Tobacco claims nearly 8,000 lives in Oregon per year and costs the state over \$2.5 billion in medical spending, lost productivity and early

death. Research shows increasing the price of tobacco reduces tobacco consumption, saves lives and prevents tobacco-related disease. Not raising the price of tobacco would jeopardize the success of the state's health transformation efforts, contribute to health disparities and put youth and adults at greater risk for cancer and chronic disease.

- **Increase the price of alcohol (additional revenue TBD):** This concept aims to increase the retail price of alcohol by 10 percent. It directs 10 percent of any new revenues to OHA for alcohol and other drug prevention. Alcohol use is a cause or contributing factor in many complex health and social problems, including child abuse, domestic violence, serious injuries, heart disease, liver disease, cancer and other diseases. Excessive alcohol use and many of the problems it causes are on the rise. In Oregon, alcohol-related deaths have increased 38 percent since 2001, killing nearly 2,000 people in 2016. The direct and indirect burdens that alcohol-related problems place on the public's health and health care systems limit the ability of health transformation in Oregon to succeed.

Expand health transformation through public employee health plans (PEBB/OEBB): Through PEBB and OEBB, Oregon can expand the cost-saving coordinated care model beyond Medicaid and integrate value-based payments and other reforms across Oregon's health care delivery system, saving taxpayer dollars and reducing health care costs for all Oregonians.

- **Control costs in PEBB/OEBB:** For the 2019-2021 biennium, OHA will partner with the OEBB and PEBB boards to expand the use of coordinated care, value-based payments and other reforms to hold cost growth to a sustainable rate of growth in the state's public employee health plans. The PEBB and OEBB boards are establishing an innovation subcommittee that will explore opportunities and align strategies to improve care and reduce costs across both programs. OHA is proposing legislation to improve the boards' ability to consider and negotiate contracts by allowing executive sessions to review proposals, which is allowed for other agencies.

2) Provide healthy, safe and successful supports for children, teens and families

Close gaps in intervention and support systems for children and teens: Healthy children are better prepared to do well in school, which has an impact on their health later in life. However, children's services remain underfunded and fragmented. For example:

- 50 percent of infants in Oregon are covered through the Oregon Health Plan – yet public health programs have limited capacity to provide effective early interventions for newborns and their families.
- CCOs and state and local partners serving at-risk youth have struggled to bridge gaps in care.
- Oregon's youth suicide prevention plan receives one-twentieth the level of funding needed to provide effective adolescent suicide prevention programs statewide.
- **Improve coordination of children's health programs and initiatives (\$0.9 million state funds, \$0.6 million federal funds investment):** Create an Office of Child Health to support children's health and well-being by addressing high-level state challenges, developing policy, and participating in partnership opportunities (including the Early Learning Division). Bringing

together experts in children's health and adding new staff resources ensures current innovative, potentially cost-saving efforts drive improvements in children's health.

- **Increase home visiting services to more OHP families statewide (\$4.1 million state funds, \$4.7 million federal funds investment):** Evidence shows that early interventions before age five have a positive impact on a child's health and wellness in adulthood. This budget request would increase evidence-based home visiting after birth. Home visiting strengthens community connections for families, parenting skills and behaviors, the safety of home environments and maternal mental health. It is also linked to reduced emergency care for infants. Ultimately, children and families are more attached, have improved stability, use higher quality day care and are better prepared for kindergarten.
- **Align services and expand in-home behavioral health services for youth with specialized needs (\$25 million state funds, \$51.5 million federal funds investment):** Youth with specialized needs are at-risk teens who are involved in foster care and often have serious behavioral health problems, as well as juvenile justice issues. Better coordination between DHS, OYA, OHA and CCOs will align efforts to better serve at-risk youth, put them on a trajectory for greater success in their lives and reduce the need for costly interventions. Additionally, expanding access to in-home and community-based services would ensure services are provided to youth in the least restrictive environment possible and reduce the strain on residential programs, who currently serve both residents and non-residents.

3) Strengthen vital systems that improve and protect the health of Oregonians

Improve Oregon's behavioral health system: One in six Oregonians have a mental health diagnosis, yet not all Oregonians have access to appropriate behavioral health services. Oregon can improve the effectiveness and cost-efficiency of behavioral health treatment by shifting resources from intensive and restrictive setting to community-based treatment, and providing accountability to local communities who are best situated to meet their residents' needs.

- **Address the addictions public health crisis and support the work of the Alcohol and Drug Policy Commission:** To respond to the epidemic of opioid (and other substance misuse, abuse, and overdose), will support the Alcohol and Drug Policy Commission in developing and implementing a cross-sector, collaborative response. The approach includes improving access to non-opioid (e.g. alternative) pain treatment; supporting naloxone access and medication assisted treatment for people taking opioids and other substances; decreasing prescribing of opioids and medications with abuse potential; educating providers and patients on harms of opioids and other substances; and using data to inform policies and interventions. Additionally, policy interventions to limit harms from alcohol abuse include (among others) increasing the price of alcohol products, limiting advertising, and maintaining state-controlled liquor distribution.
- **Expand community-based services and accountability for behavioral health:**
 - **Expand outpatient behavioral health services delivered through CCOs (Possible savings TBD):** Expanding community-based treatment capacity managed by CCOs would keep patients healthy and in their communities and expand the capacity of community-based programs.

- **Community-based interventions for .370 patients (Possible savings TBD):** Over-commitments of “Aid and assist” patients from local jurisdictions to the Oregon State Hospital continue to reduce the hospital’s capacity to serve patients with civil commitments and pose challenges to effective treatment and recovery. OHA is proposing several steps to redirect resources and accountability for OSH .370 commitments to the community to reduce costs and enhance community based treatment for people with behavioral health problems who are involved in the criminal justice system, such as prohibiting municipal courts from sending patients to OSH for minor violations.
- **Expand access to School Based Mental Health Services (\$675,000 state funds investment):** Youth from pre-K through 12 exhibit behaviors and symptoms during the school day that interfere with their learning and ability to stay in the classroom. For many students, school based services may be the only way they can access behavioral health services due to constraints in their lives. Ensuring access in counties who currently have neither a SBHC nor any OHA-funded school based mental health services and expanding services in SBHC sites addresses the progressively higher unmet mental health needs as identified by students in the Oregon Health Teens survey.
- **Reduce risk factors for suicide for Oregon youth and adults (\$6.4 million state funds investment):** Suicide is the eighth leading cause of death among Oregonians and the second leading cause of death among Oregonians aged 15 to 34. Developing and implementing an Adult State Suicide Prevention and Postvention Plan and implementing the Oregon Youth Suicide Intervention and Prevention Plan aims to reduce the overall incidence of suicide. These plans augment the behavioral health service system in Oregon by evaluating prevention, intervention, and post-suicide activities; providing programs for groups at extremely high risk of suicide; and ensuring Oregon’s suicide hotline and other crisis support services are sustainable.
- **Expand statewide problem gambling prevention and treatment system (\$20 million lottery funds investment):** Problem gambling prevention and outreach programs are directed at avoiding or reducing the emotional, physical, social, legal and financial consequences of problem gambling for the gambler, the gambler’s family and the community. Expanding problem gambling treatment and prevention services across the state of Oregon would ensure the prevalence of gambling disorder does not increase with the expansion of gambling opportunities in Oregon.
- **Modernize behavioral health data system (\$1 million state funds, \$1 million federal funds investment):** Improving the behavioral health data-reporting system would reduce the administrative burden on contracting providers, increase the agency’s ability to tie reporting responsibilities to payment, and improve the standardization of data in the agency, thereby increasing the agency’s ability to measure outcomes and accurately maintain our required reporting responsibilities.
- **Improve safety and patient care at the Oregon State Hospital (\$2.3 million state funds investment):** This investment supports patient and staff safety, patient care and regulatory compliance improvement through a stronger, better trained, supported, equipped, and engaged work force at the Oregon State Hospital. OSH would create a pathway to retain “float pool” staff

in full time permanent positions, expand staff resources to improve compliance with The Joint Commission and CMS regulations, implement trauma-informed patient care throughout OSH, complete the Collaborative Problem Solving intervention methodology, and implement comprehensive, trauma-informed programs/processes to assist staff who experience trauma on the job.

- **Continued investment in behavioral health delivery system infrastructure (\$5.7 million state funds, \$0.5 million federal funds investment):** OHA aims to build on the standards established for behavioral health homes by funding a program within the agency similar to its effective and highly-adopted patient-centered primary care home (PCPCH) program. We also seek to make permanent the Mental Health Clinical Advisory Group, which makes recommendation on changes needed to any preferred drug list used by the authority and develops practice guidelines for the treatment of mental health disorders with mental health drugs. Lastly, OHA aims to bridge the “digital divide” between physical health and behavioral health by providing incentives for the use of electronic health records by Oregon’s behavioral health providers.

Modernize Oregon’s public health system: In recent years, Oregon’s public health system has been called on to respond to a wide range of health events, such as disease outbreaks (e.g., influenza, Zika, salmonella, etc.), wildfires, air toxics exposures and other emergencies, including the Columbia Gorge oil train derailment, the Umpqua Community College shooting and the Malheur Refuge occupation. Despite these demands, only 1 in 4 Oregonians live in communities that have the full array of modern public health programs and capabilities. These necessary capabilities include: communicable disease prevention, emergency preparedness and prevention services, among other capacities. Today, Oregon spends less per capita on public health programs than neighboring states, such as Idaho. This biennium, OHA awarded \$3.9 million in grants to support programs to pilot the modernization of communicable disease prevention and health equity in communities across the state. However, this down payment is a portion of the total amount needed to develop a fully modernized public health system in Oregon, which is currently not fully prepared to the growing health threats state residents face.

- **Enhance state investment in modernized public health capabilities across the state (\$47.7 million state funds investment):** Build on the state’s pilot investments in public health modernization by providing sufficient funding to modernize public health capabilities serving all communities in Oregon.

From: [ROMAN Linda * GOV](#)
To: [EDLUND Tina * GOV](#)
Subject: FW: OSH leg concept lost
Date: Monday, May 7, 2018 12:14:17 PM
Attachments: [Copy of OSH LCs 2018\(3\).xlsx](#)
[2018 leg concept ideas -- OSH Cabinet selections.docx](#)

Fyi- this might be it

Linda Roman, Deputy Healthcare Policy Advisor
Office of Governor Kate Brown
Somerville Building
775 Court Street NE
Salem, OR 97301

Mailing address:
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Salem, OR 97301

Phone: 503-428-3524

Executive Assistant Coline Benson
Coline.Benson@oregon.gov

-----Original Message-----

From: Logan Micky F [<mailto:micky.f.logan@state.or.us>]
Sent: Monday, May 7, 2018 11:41 AM
To: JAGGER Dawn <Dawn.Jagger@state.or.us>; SWANSON John <John.Swanson@state.or.us>
Cc: MATTEUCCI DOLORES <dolores.matteucci@state.or.us>; HEIBERG HOLLY <holly.heiberg@state.or.us>;
ROMAN Linda * GOV <Linda.ROMAN@oregon.gov>
Subject: RE: OSH leg concept lost

Hi Dawn --

I think you're probably referring to one of the attached two documents.

Let me know if one of these is what you're looking for.

Thanks!

Micky Logan
Legal Affairs Director
Oregon State Hospital
micky.f.logan@state.or.us
503-947-2937 (desk)
503-793-2783 (cell)

-----Original Message-----

From: Jagger Dawn A
Sent: Monday, May 7, 2018 9:45 AM
To: SWANSON John <John.Swanson@state.or.us>; Logan Micky F <MICKY.F.LOGAN@dhsosha.state.or.us>
Cc: Linda.ROMAN@oregon.gov; Matteucci Dolores (Dolly) <DOLORES.MATTEUCCI@dhsosha.state.or.us>;

Heiberg Holly <HOLLY.HEIBERG@dhsosha.state.or.us>
Subject: OSH leg concept lost

Hi John and micky,

I recall when osh presented their LC's you had one comprehensive document that included a low / high difficulty rating for each concept?

Would you mind sending that to this group? I'd like to get that document to Linda in the governors office.

Thank you!

Dawn Jagger
Chief of Staff
Oregon Health Authority
Mobile: 503/884-6411

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	Legislative Concept Proposals						
	March 2018						
	<u>Legislative Concept Subject or Title</u>	<u>Brief Explanation of issue or problem</u>	<u>Proposed Solution</u>	<u>Was this LC to OHA for a prior session?</u>	<u>If so - why did it fail?</u>	<u>Level of Effort</u> M-H	<u>Who may Oppose - why?</u>
Line #	LEGISLATIVE CONCEPTS PERTAINING TO CONTROLLING AID AND ASSIST CENSUS AT OSH:						
1	a. Credit for time spent in jail -- for combined aid and assist leg concept	The 2017 Legislature passed HB 2308, which gives .370 patients charged with lesser offenses credit for time they spent in jail when they are committed to OSH. But a Multnomah County judge recently interpreted that law change to only apply after OSH has sent a .370 patient back to jail. In other words, the judge found that the defendant could not get credit for time in jail before the defendant entered the hospital.	Amend the statute to clarify that the credit applies to time spent in jail <u>before</u> and after the initial OSH commitment.	no		L	
2	c. Community Consults -- for combined aid and assist leg concept	The community mental health consult requirement is located in ORS 161.365 – not in ORS 161.370. This means that community mental health must provide a consult before a finding of incompetency is made and only if a .365 evaluation is ordered. This means that the consult often does not occur and that, if it does, the community mental health employee often opines about whether the person is competent, which the employee is not trained to do and should not do.	Amend ORS 161.365 and ORS 161.370 so that the community mental health consult requirement occurs in ORS 161.370 – when the incompetency finding is made by the court. This would be the time for the community to answer the question of whether the person may be served in the community.	no		L	
3	g. Require Court to Consider Community Restoration- for combined aid and assist leg concept	Despite changes to ORS 161.370 made by the 2011 legislature that were intended to cause courts to look to the community for restoration, courts rarely look to the community.	Amend ORS 161.370 so that it more clearly forces courts to look to the community.	NO		L - clarifies existing statute	
4	i. Municipal Court Violators & OSH-for combined aid and assist leg concept	Many municipal courts send defendants to OSH for aid and assist restoration for municipal court violations. This pushes the number of .370 patients up higher.	Amend ORS 161.370 so that defendants charged only with municipal court violations may not be sent to OSH for restoration.	No		H	cities may oppose not being able to send to OSH

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5	n. Misdemeanor Defendants- for combined aid and assist leg concept	The number of .370 patients continues to dramatically rise. More than 40% of OSH's .370 population have been charged with only misdemeanors.	Amend ORS 161.370 so that misdemeanor patients must be evaluated and treated in the community, unless a certified evaluator determines that the misdemeanor needs a hospital level of care.	Yes	Attorney General sponsored bill - combined with other elements, bill died.	H	District Attorneys would oppose because they want courts to control this decision
6	o. Counties to Have Assigned Number of OSH Beds- for combined aid and assist leg concept	The number of .370 patients continues to dramatically rise. Some counties utilize a disproportionate amount of OSH beds.	Obtain a statutory requirement that assigns a specific number of beds (or per capita percentage of beds) to each county. Permit counties that need more beds to “buy” those beds from other counties that are not using all of their allotted beds.	Yes	OHA Leadership did not move LC forward.	H	Some counties will oppose limits.

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7	i. Treatment for 365 and 315 evaluatees- for combined aid and assist leg concept	<p>The Forensic Evaluation Service (FES) at Oregon State Hospital (OSH) conducts forensic evaluations in response to court orders.</p> <p>Currently, courts are using the following language contained in ORS 161.365 and ORS 161.315: “the court may order the defendant committed to a state institution [for] observation and examination [for] a period not to exceed 30 days.”</p> <p>This statute is problematic for two reasons:</p> <p>1. The statute does not explicitly authorize treatment, thus delaying delivery of treatment until a separate court order authorizes it.</p> <p>2. Many people interpret the phrase “committed to a state institution... for a period not to exceed 30 days” as an indication that all evaluatees will be hospitalized at OSH for the entire 30 days. In fact, the vast majority of .365 and .315 evaluations only require a single interview that takes place in less than a day; thus most evaluatees do not require hospitalization. When hospitalization is necessary, OSH should have the authority to keep the patient.</p> <p>In short, courts are sending many patients to OSH for hospitalization when it is unnecessary or without the proper authorizations the hospital needs to provide services.</p>	<p>Amend 161.315 and 161.365 statutes to:</p> <p>1. Make explicit that evaluatees sent to OSH under 315 and 365 are to be evaluated in a 1-day evaluation. After this evaluation, at the hospital’s discretion, evaluatees will either be returned to the sending institution (typically jail), or hospitalized for up to 30 days.</p> <p>2. Further, for evaluatees kept in the hospital, make explicit that treatment is authorized.</p>	No		H	Courts and District Attorneys and defense attys may want to keep the 30-day commit
	<u>LEGISLATIVE CONCEPTS TO IMPROVE ADMINISTRATIVE EFFICIENCY:</u>						
8	d. Court orders to Forensic Evaluation Services -- for combined FES Efficiency Concept	<p>The Forensic Evaluation Service (FES) at the Oregon State Hospital (OSH) conducts forensic evaluations in response to court orders. However, courts do not have a standardized procedure to send orders to OSH, resulting in missed orders (orders that are never received at OSH) or delayed orders (orders that are received by OSH weeks or months after the order date). This results in some defendants not being admitted or evaluated within the expected timeframe.</p>	<p>Amend 161.365 and 161.370 statutes to make explicit who has the responsibility to send OSH the court order.</p>	no		L	

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9	b. Records to FES -- for combined FES Efficiency Concept	The Forensic Evaluation Service (FES) at the Oregon State Hospital (OSH) conducts forensic evaluations in response to court orders. Evaluators benefit from access to extensive records in order to render informed opinions. However, many organizations and people refuse to provide records to FES without a signed release of information (ROI), even when explicitly authorized by a court order. Obtaining ROIs from defendants is time-consuming and many defendants refuse to sign releases.	Amend the statutes to explicitly require that records be shared with the court-ordered evaluator.	no		L	

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10	e. FES Records may be filed in ecourt- for combined FES Efficiency Concept	<p>The Forensic Evaluation Service (FES) at the Oregon State Hospital (OSH) conducts forensic evaluations in response to court orders pursuant to ORS 161.315, ORS 161.365 and ORS 161.370.</p> <p>These statutes contain either vague or outdated language regarding how the evaluations may be provided to the court and parties. ORS 161.315 is silent on the issue. ORS 161.365 states that “The report must be filed with the clerk of the court, who shall cause copies to be delivered to the district attorney and to counsel for defendant.” And ORS 161.370 states that the evaluations must be “filed with the clerk of the court and delivered to both the district attorney and the counsel for the defendant.”</p> <p>OSH and FES have worked with the Judicial Department and worked out a mutually agreeable process that allows FES to file its evaluations in the Judicial Department’s E-court system so that courts and parties may access the evaluations quickly and efficiently. From FES’ point of view, this is an efficient, reliable, and standardized process to communicate our reports to the court and any parties (e.g. DA, defense counsel) that have “attached” themselves to the report in the ecourt system.</p> <p>But, because of language in the statutes, FES receives many demands from various courts and attorneys that FES fax or email or mail evaluations, rather than use the E-court system. This creates a workload problem for FES, which conducts over 1400 evaluations each year. FES must handle these various “exceptions” to the usual process, thus slowing down the filing of reports.</p>	Amend the statutes to explicitly permit OSH to file its evaluations in the E-court system.	N		L	

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11	f. FES evaluations may be shared with community providers.- for combined aid and assist leg concept	<p>The Forensic Evaluation Service (FES) at the Oregon State Hospital (OSH) conducts forensic evaluations in response to court orders.</p> <p>When FES completes a report, it is uploaded electronically to the court's ecourt system. However, OSH cannot automatically share its evaluations with community mental health providers, nor can community mental health providers receive FES reports from the ecourt system. FES reports frequently contain findings that are potentially highly relevant to community mental health providers, such as diagnostic information, extensive psychiatric histories, and specific treatment recommendations.</p> <p>In addition, defendants at OSH with dischargeable findings (e.g. able or never-able) under 161.370 are typically quickly discharged from the hospital; community mental health providers would benefit from as early notification as possible that OSH patients may be discharged imminently to their county.</p>	Amend statutes to make explicit that OSH may share FES evaluation reports with the county community mental health program director or designee.	N		L	
12	j. OSH may communicate with law enforcement -- DRO says they are unlikely to support this	OSH patients often have outstanding warrants, restraining orders, or other legal problems that need to be resolved before they may leave OSH. Similarly, OSH psychologists often need background information in order to conduct violence risk assessments, etc. Patients frequently refuse to sign releases that would allow OSH staff to talk with courts and other entities to address get the information they need to understand the underlying problems. Therefore, OSH is not able to communicate with law enforcement to resolve the patient's issues.	Amend ORS 179.505, or promulgate a new statute, to allow OSH to communicate with law enforcement, courts and attorneys in order to assist OSH patients. This provision should be drafted so that OSH may only share the minimal information necessary to assist the patient's recovery.	No		H	Patient advocates will likely not want OSH to be able to talk to police
	<u>MISCELLANEOUS - OTHER LEGISLATIVE CONCEPTS:</u>						

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13	h. Colloquy for People Committed to OSH -- DRO says they are willing to pursue this	After patients are admitted to OSH, they often tell OSH staff that they were not informed of all of the consequences of their commitment or guilty except for insanity (GEI) plea: For people who have been found GEI, they do not understand: 1. The length of time they can expect to be at OSH; 2. The conditional release process; 3. The duration of their PSRB jurisdiction, 4. Being placed on the firearms prohibition list; and 5. Possibly being prohibited from driving. Similarly, patients under civil commitments often do not realize that they will be placed on the firearms prohibition list and could possibly be prohibited from driving.	Require the court to conduct a colloquy regarding the consequences of a GEI verdict with the defendant before accepting a GEI plea (after a stipulated facts trial) or after a GEI verdict (after a bench or jury trial). Similarly, require the court to inform a civilly committed patient about not being able to purchase firearms and possibly not being permitted to drive.	No		M	OJD may not want courts to make this extra effort
14	k. OSH May Not Employ Persons Substantiated for Physical or Sexual Abuse -- will move forward as its own concept	In 2015, an arbitrator reinstated a staff member to work at OSH whom OSH had dismissed for a substantiated allegation of physical abuse. OSH appealed the arbitrator's decision to Employee Relations Board (ERB) but ERB found that there was no statutory language preventing the employee from returning to their job if they were substantiated for physical abuse. Because of that, ERB required OSH to reinstate the person. The Attorney General's Office has advised OSH to obtain a statutory change stating that OSH may not employ persons who have been substantiated for physical or sexual abuse.	Promulgate a statute prohibiting staff who are found substantiated for physical abuse or sexual abuse from working at OSH.	No		M	unions may oppose
15	q. OSH may provide professional training -- no	OSH has many students and interns who are training at OSH to be psychologists, psychiatrists, nurses, chaplains, etc. These training programs are essential to OSH, but there is no explicit authority for OSH to have such programs. The AG's office recently recommended to OSH that it obtain a statutory fix to clarify that OSH has authority to provide professional training programs.	Obtain a statutory fix to clarify that OSH has the authority to provide professional training programs.	No		L	

	Oregon Health Authority						
	Oregon State Hospital						
	Legislative Concept Proposals						
	March 2018						
	<u>Legislative Concept Subject or Title</u>	<u>Brief Explanation of issue or problem</u>	<u>Proposed Solution</u>	<u>Was this LC to OHA for a prior session?</u>	<u>If so - why did it fail?</u>	<u>Level of Effort</u> <u>M-H</u>	<u>Who may Oppose - why?</u>
16	r. PSRB Records Confidential -- DRO says they are willing to pursue this	Because the Oregon DOJ has changed its interpretation of public records laws, the PSRB must release all of its records when it receives a public records request – including OSH (i.e., patient) records.	Make PSRB client records confidential.	Yes	Perception of PSRB hiding important info about dangerous clients	H	the media and possibly the Governor
17	zz. Superintendent is CEO of Oregon State Hospital -- no	As defined in statutes relating to state psychiatric hospitals, the term “superintendent” is antiquated, inconsistent with actual duties and responsibilities of the position, and less than optimal terminology now used in describing the concepts of recovery, community based care, and ongoing de-institutionalization efforts. This outdated terminology has had a negative impact on the recent recruitment process for the OSH superintendent position. The associated or alternative term of “Chief Executive Officer” is being utilized more frequently by other states in recruitment efforts as a more substantive and culturally appropriate description for the reasons noted above.	Provides that the OSH “superintendent”, as inserted into ORS 179.321 or defined in 426.020, is considered to be the Chief Executive Officer of Oregon State Hospital but does not eliminate the term “superintendent” altogether. The proposed language is more consistent with a reasonable business model and modernizes antiquated terminology for more successful recruitment.	No		M	

INTEROFFICE MEMORANDUM

TO: JOHN SWANSON
FROM: MICKY LOGAN
SUBJECT: LEGISLATIVE CONCEPT IDEAS
DATE: MARCH 5, 2018
CC: OSH CABINET MEMBERS

Page |
1

Simple non-controversial tweaks:

Problem and Solution (a): Credit for time served -- Yes

Last year, the Legislature passed HB 2308, which gives .370 patients credit for time they spent in jail when they are committed to OSH. But a Multnomah County judge recently interpreted that law change to only apply after OSH has sent a .370 patient back to jail. In other words, the judge found that the defendant could not get credit for time in jail before the defendant entered the hospital. Proposed Solution: Amend the statute to clarify that the credit applies to time spent in jail before the OSH commitment.

Problem and Solution (b): Records to FES -- Yes

FES has great difficulty in obtaining records to inform their evaluations, and often is not able to obtain records. Many organizations and people refuse to share information with FES. Proposed Solution: Amend the statute to require that records be shared with the court-ordered evaluator.

Problem and Solution (c): 161.370 community consult -- Yes

The community mental health consult requirement is located in ORS 161.365 – not in ORS 161.370. This means that community mental health must provide a consult *before* a finding of incompetency is made and only if a .365 evaluation is ordered. Proposed Solution: Amend ORS 161.365 and ORS 161.370 so that the community mental health consult requirement occurs in *ORS 161.370* – when the incompetency finding is made by the court. This would be the time for the community to answer the question of whether the person may be served in the community. (It also avoids the problem of the community essentially deciding – often incorrectly – whether the person is competent.)

Problem and Solution (d): Court Orders to FES -- Yes

FES and Admissions frequently are unaware of court orders because no one sends the orders to OSH. This results in some defendants not being admitted or evaluated within the expected timeframe. Proposed Solution: Amend ORS 161.365 and ORS 161.370 so that it is clear who has the responsibility to send OSH the court order.

Problem and Solution (e): FES evaluations only on e-court -- Yes

My department worked with the Judicial Department several years ago so that FES could submit its evaluations electronically on the courts' e-court system. But attorneys and courts often complain that they want the evaluations faxed to them, or handled differently. This creates a workload problem for FES and slows down the filing of the reports. Proposed Solution: Amend ORS 161.365 and ORS 161.370 so that it is clear that OSH may file the reports in e-court.

OSH concepts ranked from easiest to hardest to accomplish:

Problem and Solution (f): FES evaluations may be shared with community providers-- Yes

Because FES' evaluations are court-ordered, OSH cannot automatically share its evaluations with community mental health. Proposed Solution: Amend the statute so that OSH may share FES' evaluations with community mental health when the patient is going to be served in that community.

Problem and Solution (g): Courts required to look to community restoration-- Yes

Despite changes to ORS 161.370 made by the 2011 legislature that were intended to cause courts to look to the community for restoration, courts rarely look to the community. Proposed Solution: Amend the statute so that it more clearly forces courts to look to the community.

Problem and Solution (h): Require courts to explain plea/commitment consequences-- Yes

After a plea or commitment, patients often tell us that they were not informed of all of the consequences of the plea or commitment, such as the length of time they would be at OSH, how long they would be under PSRB jurisdiction, being placed on the firearms prohibition list, and possibly being prohibited from driving. Proposed Solution: Require the court to conduct a colloquy with the defendant before accepting the plea or when committing someone. This is similar to what judges do when they accept guilty pleas, but for some reason isn't required of GEI pleas.

Problems and Solutions (i): Courts sending defendants to OSH for only 30 days

Courts are now using the following language contained in ORS 161.365 and ORS 161.315: "the court may order the defendant committed to a state institution [for] observation and examination [for] a period not to exceed 30 days." This results in defendants being sent to OSH for less than 30 days, which is too little time for OSH to adequately treat them. In addition, the statute doesn't actually allow treatment, so we ask courts to add treatment language to their orders. And, when OSH determines that the patient is unable to aid and assist, OSH must return the patient to jail and wait for a ".370" order sending the patient back to OSH. Proposed Solutions:

- (a) Amend the .315 statute so that courts cannot send patients to OSH for less than 90 days, so that the meth will have cleared, etc., etc. -- **No**
- (b) Amend the .365 statute so that it is only a "one-day" visit to OSH for the evaluation. -- **Yes**
- (c) Amend the .365 statute so that OSH may keep the patient if OSH determines that they are unable to aid and assist-- **Yes**
- (d) Amend the statutes so that treatment is explicitly authorized. -- **Alternative for above**

Problem and Solution (j): OSH may communicate with law enforcement to address legal problems—Yes with tweaks

OSH patients often have outstanding warrants, restraining orders, or other legal problems that need to be resolved before they may leave OSH. Often those patients refuse to sign releases so that OSH staff may talk with courts and others to address the underlying problems. Similarly, OSH psychologists often need background information in order to conduct violence risk assessments, etc. Proposed Solution: Amend the statute so that OSH may communicate with law enforcement and courts and attorneys **if the patient is too ill to sign a release and only to resolve OSH warrants or obtain information to aid in OSH treatment.**

Problem and Solution (k): Staff dismissal for physical abuse of patient-- Yes

A few years ago, an arbitrator required OSH to reinstate someone whom OSH had dismissed for physical abuse. OSH appealed the arbitrator's decision to ERB but they found that there was no statutory language preventing the employee from returning to their job if they were substantiated for physical abuse. Proposed Solution: Promulgate a statute prohibiting staff who are substantiated for physical **or sexual** abuse **or mistreatment** from working at OSH.

Problem and Solution (l): municipal court commitments -- Yes

Many municipal courts send defendants to OSH for aid and assist restoration for municipal court violations. This pushes the number of .370 patients up higher. Proposed Solution: Amend ORS 161.370 so that defendants charged only with municipal court violations may not be sent to OSH for restoration.

Problem and Solution (m): Probation violator commitments-- No

Courts currently send probation violators to OSH for aid and assist restoration. This pushes the number of .370 patients up higher. Proposed Solution: Amend ORS 161.370 so that defendants charged only with probation violations may not be sent to OSH for restoration.

Problem and Solution (n): Misdemeanor defendants to be evaluated and treated in community – Yes with tweaks

The number of .370 patients continues to dramatically rise. A large percentage of such patients have been charged with misdemeanors. Proposed Solution: Amend ORS 161.370 so that misdemeanant .370 (or, alternatively, misdemeanant B and misdemeanant C) patients must be evaluated and treated in the community **unless they are evaluated as needing a hospital level of care**

Problem and Solution (o): Counties to have an assigned number of beds -- Yes with tweaks

Some counties utilize a disproportionate amount of OSH beds. Proposed Solutions: Obtain a statutory requirement that assigns a specific number of beds (or per capita percentage of beds) to each county. Link this metric to OHA payments for Community Fitness Restoration, or **they may trade beds with or buy beds from another county.**

Problem and Solution (p): OSH bills counties for 161.370 care -- No

The number of .370 patients at OSH continues to dramatically rise. One theory regarding why so many .370 patients are sent to the hospital is that it is cheaper for the counties if OSH treats them. Proposed Solution: Amend ORS 161.370 so that OSH may bill the counties for the cost of caring for .370 patients.

Problem and Solution (q): Creates Panel for placing 161.370 patients in community for restoration-- No

Courts are determining whether a person needs a hospital level of care in order to be restored under OSH 161.370. Proposed Solution: Create a panel (such as SHRP) that will have jurisdiction to place .370 patients back into the community for restoration.

Problem and Solution (r): PSRB records exempted from public disclosure (this arguably could be a PSRB concept; but not sure whether they will pursue) -- **Yes**

Because the Oregon DOJ has changed its interpretation of public records laws, the PSRB must release all of its records when it receives a public records request – including OSH (i.e., patient) records. Proposed Solution: Make PSRB client records confidential.

Not-just OSH concepts that likely belong to other entities:

Problem and Solution (s): Corrections-based competency restoration programs for 161.370 defendants – OSH thinks should be pursued by someone other than OSH

OSH is running out of .370 beds. At the same time, many defendants have lengthy stays in jail without adequate treatment. Proposed Solution: Amend statutes so that Oregon may have jail-based competency restoration programs similar to those in other states.

Problem and Solution (t): Evaluations as an arm of the court for neutral evaluations OSH thinks this would be better pursued by someone other than OSH

One theory of why so many defendants are being sent to OSH is that defense attorneys pay for their own evaluators, and the evaluators therefore are not neutral. Proposed Solution: Obtain a statutory change so that evaluations will be done locally as an arm of the court. This would be similar to how civil commitment courts utilize court visitors to determine who needs to be civilly committed.

Problem and Solution (u): CMHP to offer services when civil commit petition denied OSH thinks this should be pursued by someone other than OSH

It is difficult to civilly commit someone in Oregon. It is not unusual for a court to deny a civil commitment petition. When this happens, the ill person is often sent home with no services. Proposed Solution: Amend the civil commitment statutes so that, if the petition is denied, the community mental health office must at least offer services to the ill person.

Problem and Solution (v): Expand definition of Civil Commit criteria “near future” OSH thinks should be pursued by someone other than OSH

It is difficult to civilly commit someone in Oregon. While there are many reasons for this, one reason is that the appellate courts have determined that the criteria (of dangerousness to self and others, etc.) must exist in “the near future.” Proposed Solution: Amend the civil commitment statutes so that they are more similar to Iowa and Missouri’s civil commitment statutes. More specifically, define “the near future” more broadly. In exchange for broadening the definition, make civil commitments last 90 days rather than 180 days.

Problem and Solution (w): Allow for involuntary civil commitment treatment in a community setting OSH thinks this should be pursued by someone other than OSH

The current outpatient civil commitment laws do not have “teeth” (for example, they don’t allow involuntary treatment). Proposed Solution: Amend the outpatient civil commitment statutes so that they are similar to what New York is doing, reportedly with good results.

Problem and Solution (x): Standardize counties’ approaches to mentally ill persons OSH thinks this should be pursued by someone other than OSH

Different county District Attorneys and Defense Attorneys have different cultures and views on mental illness. Some are punitive in nature, and others are more nuanced. This results in different counties taking completely different approaches to people with mental illness. Proposed Solution: Create a state-wide public defender and a state-wide prosecutor.

Problem and Solution (y): Sentencing enhancements for malingerers OSH thinks this should be pursued by someone other than OSH

Some defendants mangle. Federal sentencing guidelines permit enhanced penalties (*i.e.*, longer sentences) for federal defendants who mangle. The United States Supreme Court has ruled in favor of federal sentencing enhancements for malingerers. Proposed Solution: Promulgate sentencing enhancements for malingering defendants in Oregon.

Problem and Solution (z): Jails and residential facilities may involuntarily medicate persons OSH thinks this should be pursued by someone other than OSH

One reason so many people are sent to OSH is that jails and residential placements do not have the authority to involuntarily medicate people. Proposed Solution: Authorize jails and residential facilities to involuntarily medicate inmates and clients if they follow constitutional requirements.

Problem and Solution (zz): The administrator of a state hospital should be “Chief Executive Officer” rather than “Superintendent” -- Yes

One reason it was difficult to find a new superintendent for OSH was the limitations of hiring a “superintendent”. Proposed Solution: Change the statute(s) so that the superintendent may be called the “Chief Executive Officer.”

From: [JAGGER Dawn](#)
To: [KONDAYEN Kate * GOV](#); [EDLUND Tina * GOV](#)
Cc: [Cowie Robb](#)
Subject: FW: Mental Healthcare data
Date: Saturday, May 12, 2018 2:02:10 PM
Attachments: [OBM interview messages v02.docx](#)

Wanted to give you both a heads up re an interview one of our behavioral health folks (Mike Morris) did for the Oregon Business magazine. Attached are the developed talking points. The premise of the interview was to discuss why Oregon had been ranked at the bottom of MHA's rankings for our behavioral health system. We addressed those rankings (and the issue with that ranking system), actual barriers to care in Oregon and innovative programs we do have.

We do not yet know when an article will be published.

Let me know if you have any questions,

Dawn

Situation analysis (start here to help set the scene)

2015 statewide townhalls

- In the fall of 2015, Oregon Health Authority and Sen. Sara Gelser toured the state to hear from Oregonians on what they were experiencing in the behavioral health system. The seven town hall meetings illuminated many systemic issues, such as lack of capacity, long wait times, insufficient integration, and a need for transportation, housing and employment supports.

Behavioral Health Collaborative

- Out of these town halls came the Behavioral Health Collaborative in the summer of 2016 tasked with developing recommendations to help build a 21st century behavioral health system. The BHC included Oregonians representing peer support services, advocates, counties, behavioral health providers, courts, Department of Human Services, Oregon's coordinated care organizations (CCOs), hospitals, education, law enforcement, a representative from an Oregon Tribe, and an urban Indian organization. After eight months of work, the BHC published a report with recommendations designed to fully integrate behavioral health with physical and oral health care systems.

New leadership & where we are now

- The BHC subcommittees and OHA staff are working on implementing some of these recommendations. We're looking at adding some behavioral health related CCO incentive metrics. We're also working on an assessment of the workforce and a retention plan is slated to be released next March. We're also looking at how we need to update competency requirements to ensure that our BH providers are prepared to work in integrated care settings.
- Meanwhile, the new administration under Director Patrick Allen has convened a visioning team of OHA staff to start addressing systemwide reforms needed to achieve a behavioral health system that works for all Oregonians, regardless of their ZIP code, income, and level of need. Included in this work will be an examination of holistic, systemwide recommendations made by BHC.

Opportunities

- Meanwhile, some exciting things are happening in the behavioral health world that is continuing to build momentum around our efforts. The Legislature has made significant investments in the Oregon behavioral health system in the last several biennia.
 - We received more than \$150 million in new behavioral health investments in the past three biennia, thanks to Senate President Peter Courtney's focused leadership on this issue. This has allowed us to expand our mobile crisis services statewide, to support primary care physicians in their efforts to help patients who present with behavioral health needs, as well as expand supported housing resources across the state.

- Governor Brown has also asked the Oregon Health Policy Board to focus on behavioral health integration as one of the priorities as the board begins its work on determining the future of coordinated care for OHP members.
- The strategic focus and support from legislators and the Governor allows OHA to accomplish more wide-reaching and high-impact initiatives.

Barriers and challenges

- Fragmented payment streams and regulations on data sharing that make collaboration and care coordination difficult.
- A lot of remote counties that make access to specialized care difficult. The community mental health system is largely county-based, which also creates inconsistencies in the quality of care Oregonians receive.
- Building up the capacity of community behavioral health system.
- Affordable housing and supported housing shortage that exacerbate mental health needs.
- Behavioral health policy and operations are not unified within OHA. The current reorg work will focus on unifying behavioral health so that accountability and points of contact are more clear.

Innovations & highlights

- **CCBHC**
 - Oregon is one of eight states participating in a federal demonstration program called certified community behavioral health clinics. The 12 in Oregon who have been selected for this program have all been doing innovative work to integrate primary care into behavioral care settings since April 1, 2017.
 - Eg. Out in Burns, Oregon, our staff was invited to a county fair. The program offered free physicals for sports on site and included a behavioral health screening.
- **Mobile crisis services**
 - Marion County dispatches officers with mental health providers so that when law enforcement responds to a mental health crisis call, individuals can be connected to services.
- **EASA**
 - Innovative program that supports young adults and adolescents who experience psychosis for the first time with the goal that they continue to live independently. First in the nation to offer EASA statewide.
- **OPAL-K & OPAL-A**
 - Allows primary care physicians to consult behavioral health specialists if their patients need behavioral health care. Just recently received funding to expand to adults.

Oregon Performance Plan progress:

Since 2003, there has been a 20 percent approximate reduction in the number of patients at the hospital under a civil commitment. There has been a 32 percent reduction in the number of patients at the state hospital after a finding of Guilty Except for Insanity, and an approximate 53 percent reduction in individuals at the state hospital under guardianship.

The number of people committed to the Hospital as part of the aid-and-assist population has seen a 17 percent decrease.

Multnomah County instituted a Rapid Assessment Program for Aid and Assist fitness evaluations. This reduced the time from referral to report from an estimated 30 days to 5.6 days for those able to participate in the program. They also consolidated all Aid and Assist proceedings in to one weekly court docket. This decreased the census at OSH for Aid and Assist from 56 on 10/2/16 to 36 on 10/1/17.

Marion County. They hold regular meetings with community stakeholders including OSH, the court system, Sheriff, etc. to discuss and problem solve system and process issues from a multidisciplinary perspective. They hired a deputy DA to coordinate A&A cases and work with community partners for alternative solutions. This work decreased census at OSH for Aid and Assist from 22 on 10/2/16 to 11 on 10/1/17.

From: [ROMAN Linda * GOV](#)
To: [BOYLES Stormy * GOV](#)
Cc: [EDLUND Tina * GOV](#); [BENSON Coline * GOV](#); [MOLLER Mary * GOV](#); [RICE-WHITLOW Kristina * GOV](#)
Subject: Urgent: Recommendation for the Oregon State Hospital Advisory Board
Date: Monday, May 14, 2018 5:00:52 PM
Attachments: [DRAFT Memo Oregon State Hospital Advisory Board Chair and Vicechair 4918 .doc Revised.doc](#)
Importance: High

Hi Stormy,

Please see attached memo on my recommendation for the Governor's selection of Chair and Vice chair to the Oregon State Hospital Advisory Board. The board director and the Superintendent of the OSH have inquired about this a couple of times and were hoping to provide an update to the board tomorrow 5/15. If possible, could this be included for review at the soonest available opportunity?

I'd appreciate if you could confirm receipt and update on progress so I can communicate back to the Superintendent. Thank you! Additionally, please let me know if you need anything from me to move this along.

Thank you,
Linda

Linda Roman, Deputy Healthcare Policy Advisor

Office of Governor Kate Brown
Somerville Building
775 Court Street NE
Salem, OR 97301

Mailing address:
900 Court Street NE, 254
Salem, OR 97301

Phone: 503-428-3524

Executive Assistant Coline Benson
Coline.Benson@oregon.gov

From: MOLLER Mary * GOV
Sent: Monday, May 14, 2018 12:33 PM
To: ROMAN Linda * GOV <Linda.ROMAN@oregon.gov>; RICE-WHITLOW Kristina * GOV <Kristina.RICE-WHITLOW@oregon.gov>
Cc: EDLUND Tina * GOV <Tina.EDLUND@oregon.gov>; BENSON Coline * GOV <Coline.BENSON@oregon.gov>
Subject: RE: Recommendation for May Senate Confirmation - Health Boards & Commissions

Hi Linda,
I apologize, I didn't see this attached to your May Senate confirmed names. For future memos, please send to Stormy directly and cc me so you can ensure that your memo is getting to GKB in a timely manner.

I just looked at it and I recommend you take off the "boards/commission that are being deferred", that part does not need to be on there. I would also add something along the lines of "Per statute the Governor appoints the Chair and Vice chair and here are my recommendations..." And add please let me know if you approve so it is clear that this is not an FYI and you need an answer back.

Please send over to Stormy and cc me and Kristina so we stay in the loop.

Thank you,
MM

Mary Moller
Executive Appointments and Constituent Services Director
Office of Governor Kate Brown
775 Court Street NE
Salem, OR 97301
(503) 400-5376 Cell

Mailing Address:
900 Court Street NE, Suite 254
Salem, OR 97301

I have a new assistant!
Kristina Rice-Whitlow
(503) 378-2317 Desk
Kristina.Rice-Whitlow@oregon.gov



From: ROMAN Linda * GOV
Sent: Monday, April 09, 2018 1:07 PM
To: MOLLER Mary * GOV <Mary.MOLLER@oregon.gov>; RICE-WHITLOW Kristina * GOV <Kristina.RICE-WHITLOW@oregon.gov>
Cc: EDLUND Tina * GOV <Tina.EDLUND@oregon.gov>; BENSON Coline * GOV <Coline.BENSON@oregon.gov>
Subject: Recommendation for May Senate Confirmation - Health Boards & Commissions

Mary and Kristina,

Attached, please find our Board and Commission recommendations for the May Senate confirmation. Additionally, you will also find attached a memo on my recommendation for the Governor's selection of Chair and Vice chair to the Oregon State Hospital Advisory Board (does not need to be confirmed by Senate). I've been in communication with John Swanson, Interim Administrator and OHA on the recommendation as well. The next board meeting will be on May 15, 2018. Please let me know if we need to include additional information.

Thank you so much for walking me through this!

Thank you,
Linda

Linda Roman, Deputy Healthcare Policy Advisor

Office of Governor Kate Brown
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775 Court Street NE
Salem, OR 97301

Mailing address:
900 Court Street NE, 254
Salem, OR 97301

Phone: 503-428-3524

Executive Assistant Coline Benson
Coline.Benson@oregon.gov

Kate Brown
Governor



MEMORANDUM

Issue: Oregon State Hospital Advisory Board- Governor selection of OSHAB voting members as chairperson and another as vice chairperson

This Memo Prepared By: Linda Roman, Deputy Healthcare Policy Advisor

Date: March 30, 2018

Preparer's Cell: 503-428-3524

Per statute as defined in ORS 179.560 the Governor appoints the Chair and Vice chair and here are my recommendations:

Board Name:	Position	Candidate:	Bio	Replacing
Oregon State Hospital Advisory Board	Chair	Andre Pruitt, Health Care Professional	Andre Pruitt has eleven years' experience working in a community based mental health agency, Multnomah County Health Clinic and was the clinical supervisor at the OHSU Avel Gordly Center for Healing. These work experiences allowed Mr. Pruitt to work with clients who were civilly committed and under the jurisdiction of the Psychiatric Security Review Board as they transitioned back into the community. Mr. Pruitt has been an active member of the Oregon State Hospital Advisory Committee since 2016.	Beckie Child, Oregon Hospital Advisory Board Chair
Oregon State Hospital Advisory Board	Vice Chair	Javonn D. Shearn, Advocate	Javonn Shearn has been doing mental health advocacy for two years. Ms. Shearn has been an active member of the Oregon State Hospital Advisory Board since July 2017. She has participated in two hospital workgroups: one which addressed the aid-and-assist social work communication process and one to improve the patient grievance process. Ms. Shearn is a parent of an adult son with schizophrenia and has had to learn to navigate the system. She knows the emotional, mental and physical toll it can take on everyone involved. She recently began developing a program	

			called “Someone’s Someone” which will help parents advocate for their loved ones.	
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Please let me know if you approve the nomination. Thank you!

From: [LOGAN MICKY F](#)
To: [JAGGER Dawn](#); [MOAWAD Heidi * GOV](#); [TRUMMER Ivo * GOV](#); [ROMAN Linda * GOV](#); [ALLEN Patrick](#); [EDLUND Tina * GOV](#)
Cc: [Souza Theresa](#)
Subject: FYI: follow-up from last week's mtg Re: Oregon State Hospital LC's
Date: Thursday, May 17, 2018 1:33:45 PM

FYI: I talked with Aaron Knott at Oregon DOJ about OSH's LCs as you requested. He greatly appreciated the conversation. He didn't push back about any of the concepts, although he did identify (as we have) where the pushback would come from for some of the proposals.

He said that DOJ is likely to have only one bill that would impact OSH. It is a concept that would codify how courts may order a defendant to take medications consistent with US Supreme Court and Oregon Supreme Court caselaw. It's a good concept from my perspective. I saw the concept during the last session; it was part of the DOJ's massive bill about aid and assist issues that died.

Let me know if you have any questions.

Micky Logan
Legal Affairs Director
Oregon State Hospital
micky.f.logan@state.or.us
503-947-2937 (desk)
503-793-2783 (cell)

-----Original Appointment-----

From: TRUMMER Ivo * GOV [<mailto:Ivo.TRUMMER@oregon.gov>]
Sent: Saturday, April 28, 2018 2:47 PM
To: TRUMMER Ivo * GOV; Allen Patrick; EDLUND Tina * GOV; MOAWAD Heidi * GOV; Governor's Conference Room * GOV; ROMAN Linda * GOV; JAGGER Dawn
Cc: Logan Micky F; Souza Theresa
Subject: 9:00 a.m. Mtg Re: Oregon State Hospital LC's
When: Thursday, May 10, 2018 9:00 AM-9:30 AM (UTC-08:00) Pacific Time (US & Canada).
Where: Gov Conf Room, Suite 254 or Call: [REDACTED]; Ivo Host

From: ANDREW Jennifer J * GOV
Sent: Friday, April 20, 2018 3:34 PM
To: SOUZA THERESA <theresa.souza@state.or.us>; BENSON Coline * GOV <Coline.BENSON@oregon.gov>; RICE-WHITLOW Kristina * GOV <Kristina.RICE-WHITLOW@oregon.gov>
Cc: OGAN Sadie L * GOV <Sadie.L.OGAN@oregon.gov>
Subject: Oregon State Hospital LC's

Hi there-

Ivo would like to schedule a 30-minute meeting sometime in the next couple of weeks to discuss the Oregon State Hospital's Legislative Concepts. The attendees would be:

Tina Edlund
Pat Allen
Dawn Jagger
Heidi Moawad
Ivo

In looking at calendars for Ivo, Heidi and Tina it looks like the following dates/times could work:

Mon. 3/30: 9am [yes \(in person, Salem\)](#)
Tue. 5/1: 2pm, 2:30pm [2p yes \(phone\)](#)
Wed. 5/2 (in Portland): 11am, 11:30am or 1:30pm [11:15-2p \(phone\)](#) [Pat via phone at 11 or 11:30](#)
Thurs. 5/3: 1pm, 1:30pm or 2pm [1p; 1:30p \(in person, Salem\)](#), [2p \(phone\)](#) [Pat in person 1 p.m.](#)
[Mon 5/7: 10a \(in person, Salem\)](#), [3:45 \(in person, Salem\)](#), [4:00-4:30p \(phone\)](#)

Please let me know if any of these can work or if you need me to look at additional times.

Thank you!
Jen

Jen Andrew
Executive Assistant to Chief of Staff Nik Blosser
Executive Assistant for Tribal Affairs
Office of the Governor Kate Brown
900 Court Street NE, Ste. 254
Salem, Oregon 97301-4096
Ph: 503-373-1565

From: [KONDAYEN Kate * GOV](#)
To: [HOCKADAY Bryan * GOV](#); [MOAWAD Heidi * GOV](#); [EDLUND Tina * GOV](#)
Subject: Fwd: Draft press release for Oregon Forum on Behavioral Health and Public Safety
Date: Wednesday, May 23, 2018 4:11:45 PM
Attachments: [image003.png](#)
[ATT00001.htm](#)
[image004.png](#)
[ATT00002.htm](#)
[OR Forum Press Release 5.23.18.docx](#)
[ATT00003.htm](#)
[draft Letter of interest OR BH JRI 5.18.18.pdf](#)
[ATT00004.htm](#)

Heidi, giving you a call.

Sent from my iPhone

Begin forwarded message:

From: Cowie Robb <robb.cowie@state.or.us>
Date: May 23, 2018 at 4:08:58 PM PDT
To: KONDAYEN Kate * GOV <Kate.KONDAYEN@oregon.gov>
Subject: FW: Draft press release for Oregon Forum on Behavioral Health and Public Safety

From: Cassandra Warney <cwarney@csg.org>
Sent: Wednesday, May 23, 2018 10:43 AM
To: Sheridan Watson <swatson@csg.org>; Cowie Robb <ROBB.COWIE@dhsoha.state.or.us>; Madeleine.E.DARDEAU@oregon.gov
Subject: Re: Draft press release for Oregon Forum on Behavioral Health and Public Safety

Hello Robb – I've attached a draft of the forum press release with approved language and quotes from CJC and ADPC and wanted to see if OHA can finalize and release this tomorrow.

To give you some additional context on how OHA would be involved, and how the project will help OHA, I'd like to provide what topic areas would be central to the project analysis and recommendations that will come out of this to inform the 2019 legislative session.

First, Director Pat Allen has asked that one of the project goals is to ensure strategies and initiatives developed through the BH JR process support and strengthen Oregon's Performance Plan for Adults with Serious and Persistent Illness. I'm attaching the letter of interest (Oregon's application for this opportunity) that Pat Allen reviewed and approved, where this goal is listed on page 3. Secondly, this project will take a close

look at the "Aid and Assist" / 370 population at the State Hospital to see what is driving this population, and opportunities to help relieve these pressures.
Please let me know if you need additional information. I can be reached at 917-647-0367.

Thanks,

Cassandra

Cassandra Warney

Policy Analyst, Justice Reinvestment
Council of State Governments Justice Center
Phone: (646) 383-5755 Cell: (917) 647-0367
<http://csgjusticecenter.org/jr/>



Justice Center

THE COUNCIL OF STATE GOVERNMENTS

From: Cassondra Warney <cwarney@csg.org>
Date: Tuesday, May 22, 2018 at 6:05 PM
To: Sheridan Watson <swatson@csg.org>, "ROBB.COWIE@dhsosha.state.or.us"
<ROBB.COWIE@dhsosha.state.or.us>, "Madeleine.E.DARDEAU@oregon.gov"
<Madeleine.E.DARDEAU@oregon.gov>
Subject: Re: Draft press release for Oregon Forum on Behavioral Health and Public Safety

Robb – Madeleine from the Oregon Criminal Justice Commission (CJC) is working to get approval for CJC and ADPC on the press release quotes for Chair Robert Ball and Dr. Richardson.

If OHA would like to move forward with being part of the press release, would it make sense to let you know once we have the green light on CJC and ADPC on quotes, and have OHA release the press release?

Thanks!

Cassondra

Cassondra Warney

Policy Analyst, Justice Reinvestment

Council of State Governments Justice Center

Phone: (646) 383-5755 Cell: (917) 647-0367

<http://csgjusticecenter.org/jr/>



Justice Center

THE COUNCIL OF STATE GOVERNMENTS

From: Sheridan Watson <swatson@csg.org>
Date: Tuesday, May 22, 2018 at 2:30 PM
To: "ROBB.COWIE@dhsosha.state.or.us" <ROBB.COWIE@dhsosha.state.or.us>, "Madeleine.E.DARDEAU@oregon.gov" <Madeleine.E.DARDEAU@oregon.gov>
Cc: Cassandra Warney <cwarney@csg.org>
Subject: Draft press release for Oregon Forum on Behavioral Health and Public Safety

Robb/Madeleine,

It's my understanding from Cassandra that you are interested in distributing a press release on Thursday about the Oregon Forum on Behavioral Health and Public Safety. Attached is a draft for your use.

Please let me know if you have any questions or need anything else.

Best,

Sheridan

Sheridan Watson

Public Affairs Manager

The Council of State Governments Justice Center

22 Cortlandt Street, 22nd Floor

New York, NY 10007

646-356-0049 (direct) | 703-508-3599 (mobile) | swatson@csg.org

<https://csgjusticecenter.org/> | [@CSGJC](https://twitter.com/CSGJC)

FOR IMMEDIATE RELEASE

Oregon Brings Together Local Leaders to Discuss Key Public Safety, Behavioral Health Challenges

SALEM, Ore., May 24, 2018 – A broad coalition of stakeholders met today to discuss ways Oregon can help counties and tribal governments improve responses to people in the criminal justice system who have behavioral health needs.

Thirty-two of the state's 36 local public safety coordinating councils (LPSCC) were represented at the Oregon Forum on Behavioral Health and Public Safety, which took place at the Salem Convention Center. Attendees included sheriffs, jail commanders, community mental health program (CMHP) directors, probation and parole officers, judges, local police departments, LPSCC coordinators, jail mental health directors, representatives from coordinated care organizations, Oregon Health Authority behavioral health staff, district attorneys and public defenders.

"Oregon faces complex challenges at the intersection of the behavioral health and criminal justice systems. There are persistent gaps in access to behavioral health treatment, a lack of crisis response options, and barriers to supported housing, especially in rural areas. We also have significant treatment workforce recruitment and retention problems," said Oregon Health Authority Director Pat Allen. "Today's conversation is only the beginning of a process to confront these matters."

Participants at the forum discussed the challenges that local governments and the state face regarding community behavioral health treatment and services, including services that are tailored to people in the criminal justice system. They also discussed how to increase access to and effectiveness of behavioral health treatment in localities across the state and how to improve information and data sharing across behavioral health and criminal justice agencies.

"While Oregon has a rich base of behavioral health treatment practitioners, services are not equally accessible to all, especially for people in the criminal justice system," said Michael Schmidt, Executive Director of the Oregon Criminal Justice Commission (CJC). "Even when people are able to access services, those services too often are not timely or tailored to be most effective in addressing the unique characteristics and needs of people with frequent contact with the criminal justice system."

The statewide forum builds on the national 50-State Summit on Public Safety, which was hosted by The Council of State Governments (CSG) Justice Center in partnership with the Association of the State Correctional Administrators (ASCA) in November 2017. The CSG Justice Center is a national nonprofit organization that provides practical, nonpartisan advice and evidence-based strategies to increase public safety and strengthen communities.

Attending the 50-State Summit from Oregon were CJC Director Mike Schmidt, Oregon Department of Corrections Director Colette Peters and Assistant Director for Offender Management and Rehabilitation Heidi Stewart and Judge Kelly Skye. They joined teams from 49 other states at the summit to examine local criminal justice trends and identify strategies for reducing crime and recidivism, improving outcomes for people who have mental illnesses and substance addictions, and reducing spending on prisons and jails.

“Like many states across the nation, Oregon has seen an increase in the number of drug overdose deaths over the last decade, particularly from methamphetamine use. Local and state law enforcement and corrections departments report that many people in their custody struggle with mental illnesses and substance addictions,” said Dr. Reginald C. Richardson Sr., Executive Director of the Oregon Alcohol and Drug Policy Commission. “Developing a more comprehensive and integrated statewide behavioral health strategy is essential to supporting local systems.”

Oregon is currently seeking to partner with the CSG Justice Center to use a data-driven behavioral health justice reinvestment approach to analyze and address the state’s challenges. This project would be a unique approach in that county and tribal government officials would help drive the project to ensure that the statewide strategies identified can truly improve behavioral health and criminal justice outcomes and reduce costs at the local level.

The Oregon Criminal Justice Commission and Oregon Alcohol and Drug Policy Commission hosted the state forum, and it was facilitated by representatives from the CSG Justice Center. Funding for the forum was provided by the U.S. Department of Justice’s Bureau of Justice Assistance.

###

May XX, 2018

Heather Tubman-Carbone, Ph.D.
Senior Policy Advisor
Bureau of Justice Assistance
810 Seventh Street NW
Washington, DC, 20531

Adam Gelb
Project Director
Pew Center on the States
901 E Street, NW, 10th Floor
Washington, DC, 20004

Dear Dr. Tubman-Carbone and Mr. Gelb:

In Oregon, we have a long history of working across branches of government and party lines to study systemic challenges and improve outcomes. We wish to continue this work by reengaging in the data-driven Justice Reinvestment Initiative (JRI) to identify statewide behavioral health and recidivism-reduction strategies to support counties in improving access to and the effectiveness of behavioral health services for people in the criminal justice system.

Oregon's commitment to the principles of JRI began in 2011 when leaders from all three branches of government sought the assistance of the U.S. Department of Justice's Bureau of Justice Assistance (BJA) and the Pew Charitable Trusts through JRI. Between 2000 and 2010, Oregon's prison population increased nearly 50 percent, growing to 14,000 people and costing the state more than \$1.4 billion biennially. The state planned to build a new prison to accommodate this growing prison population. In response to these pressures, the Oregon Legislature passed the Justice Reinvestment Act (HB 3194) in 2013, which created the Justice Reinvestment Grant Program. The grant program provides financial support to counties in the state to plan, implement, or expand initiatives that reduce recidivism and the prison population, increase public safety, and hold people in the criminal justice system accountable. Since 2013, nearly \$100 million in Justice Reinvestment Grant Program funds have been distributed to Oregon counties, and the state has avoided building a new prison. JRI is projected to help the state avert more than \$250 million by the end of 2017–19.

Although this JRI success has led to a stable state prison population and continued reinvestments of averted costs, Oregon still faces complex challenges, particularly at the intersection of the behavioral health and criminal justice systems. Often, jails and emergency rooms are the primary places where law enforcement can direct people experiencing behavioral health crises. Further, our state has seen an increase in drug overdose deaths, especially from methamphetamines. There are a number of common challenges at the local and state levels that affect Oregonians in the criminal justice system who have behavioral health needs, including

- Persistent gaps in access to behavioral health treatment, a lack of crisis response options, and barriers to supported housing, especially in rural areas;
- Significant treatment workforce recruitment and retention problems;
- Slow adoption among behavioral health treatment providers of evidence-based practices specifically designed for people in the criminal justice system;
- Lack of case coordination and timely, collaborative information-sharing;
- Unnecessary duplication of treatment services; and
- Insufficient public health and public safety system accountability and outcomes reporting.

Oregon has been selected by BJA to host a state forum on public safety as a continuation of the 50-State Summit on Public Safety that was held in November 2017 in Washington, DC. The behavioral health-focused forum will take place on May 24, 2018 and will be co-hosted by the Oregon Criminal Justice Commission and Oregon Alcohol and Drug Policy Commission and facilitated by The Council of State Governments (CSG) Justice Center. The forum is expected to bring together approximately 150 stakeholders from a broad cross-section of public health and safety interests to identify opportunities to enhance local and state policies to address the needs of people in the criminal justice system who have substance addictions and/or mental illnesses. Mirroring the 50-State Summit, the forum audience will predominately be composed of four-member teams from Oregon counties, as well as representatives from Oregon's Native American communities and key legislators. The forum will focus on giving counties an opportunity to discuss their local behavioral health and criminal justice needs and how state behavioral health and public safety policies can be improved to support local systems.

The county-focused forum discussion will, in turn, inform the overarching goal of the JRI project: to strengthen statewide behavioral health and public safety policies, along with budgetary strategies, to improve access to and the effectiveness of behavioral health services for people in the criminal justice system. This project would be a unique JRI approach in that county officials would drive the project to ensure that the statewide strategies identified can truly improve behavioral health and criminal justice outcomes and reduce costs at the county level. The goals of the project include

1. Developing a scalable behavioral health approach for more robust community behavioral health treatment and support services tailored to people in the criminal justice system;
2. Providing community-based alternatives to incarceration that will connect people with effective treatment while protecting public safety, and reducing the number of people who have serious behavioral health conditions who are incarcerated, both at the local and state levels;
3. Lowering the financial and operational burden of incarcerating people who have serious behavioral health conditions in county jails and state prisons and reallocating funding and resources for community-based treatment that can improve recovery and recidivism outcomes;

4. Creating efficient case information and data sharing across behavioral health and criminal justice systems that appropriately protect individual health information;
5. Improving the effectiveness and accountability in criminal justice and behavioral health systems by measuring and providing incentives for key public health and safety outcomes, such as increased stable employment and housing and reductions in arrests and substance use; and
6. Ensuring strategies and initiatives developed through the JRI process support and strengthen Oregon's Performance Plan for Adults with Serious and Persistent Mental Illness.

We believe that Oregon will benefit from using a data-driven justice reinvestment approach to analyze and address our challenges, with the goal of developing more effective and efficient policies to create systemic change at the local level that will keep Oregonians safe. Oregon's criminal justice and behavioral health agencies, including the Oregon Criminal Justice Commission, the Oregon Judicial Department, and the Oregon Health Authority, have committed to making data available to the CSG Justice Center for this analysis. The Criminal Justice Commission currently collects and publishes a vast amount of information in an online interactive data dashboard that includes recidivism trends across multiple measures, trends in drug-related convictions, and a detailed breakdown of programs operated by counties through justice reinvestment funding. The state's information technology infrastructure will likely accommodate the collection and analysis of necessary data.

Along with data quality and availability, the input of system stakeholders is essential to the success of a justice reinvestment effort. As part of our commitment to JRI, we pledge to establish a bipartisan steering committee made up of public health and public safety stakeholders from Oregon's counties; Native American communities; and executive, judicial and legislative branches of government. In exchange, we expect the CSG Justice Center to

- Support the steering committee with facilitation and administrative needs;
- Conduct original research and analysis of Oregon's behavioral health and criminal justice systems;
- Help develop policy options that will protect public safety while wisely targeting the limited resources of the state by
 - Educating the members of the steering committee about evidence-based practices;
 - Facilitating the development of recommendations based on data and research;
 - Projecting the impact of policy options and recommendations on correctional populations and costs; and
 - Assisting the steering committee in drafting findings and recommendations to be issued in a report.

We are eager and prepared to launch this effort in June 2018 with the goal of introducing policy recommendations during the 2019 legislative session. Oregon is committed to a consensus-driven process for the development of policies, practices, and legislative behavioral health and

criminal justice reforms that maximize public safety, reduce recidivism, and wisely spend tax resources. We welcome and appreciate your support to launch a behavioral health justice reinvestment partnership.

Sincerely,

Kate Brown
Governor

Thomas A. Balmer
Chief Justice, Supreme Court

Peter Courtney
Senate President

Tina Kotek
Speaker of the House

Jackie Winters
Senate Minority Leader

Mike McLane
House Minority Leader

Patrick Allen
Director of the Oregon Health Authority

TBD
County Leadership

Colette S. Peters
Director of the Oregon Department of Corrections

From: [ALLEN Patrick](#)
To: [EDLUND Tina * GOV](#); [ROMAN Linda * GOV](#)
Cc: [EVANS Janell R](#)
Subject: Fwd: OHA Appeal
Date: Thursday, October 25, 2018 10:22:15 AM
Attachments: [Analyst Rec Budget Appeals Memo \(10-24-2018\) FINAL.DOC](#)
[ATT00001.htm](#)
[AppealSummaryForm OHA.doc](#)
[ATT00002.htm](#)

As requested.

Pat.

Sent from my iPhone

Begin forwarded message:

From: Evans Janell R <JANELL.R.EVANS@dhsoha.state.or.us>
Date: October 24, 2018 at 3:51:45 PM PDT
To: AGENCYAPPEAL CFO <CFO.AgencyAppeal@oregon.gov>
Cc: MACDONALD Thomas * DAS <Thomas.MACDONALD@oregon.gov>, Allen Patrick <Patrick.Allen@dhsoha.state.or.us>, STAPLES Roger <Roger.STAPLES@dhsoha.state.or.us>, SINGER Sara <Sara.SINGER@dhsoha.state.or.us>, Kautz Kristine M <KRISTINE.M.KAUTZ@dhsoha.state.or.us>
Subject: OHA Appeal

Good Afternoon,

Please see the attached memo and appeal document.

Thanks,

Janell Evans
Budget Director
Oregon Health Authority
Desk (503) 945-5775
Cell (503) 385-7654



Memorandum

To: George Naughton, CFO
Chief Financial Office, DAS

From: Patrick Allen, Director

CC: Janell Evans, OHA Budget Director
Sara Singer, SABR Coordinator
Thomas MacDonald, CFO Policy Budget Analyst

Date: October 24, 2018

Subject: 2019-21 Analyst Recommended Budget Appeal

The Oregon Health Authority is charged with transforming the state's health system so it can achieve better health, better care and lower costs for all Oregonians. On September 7, 2018, Governor Brown reinforced her commitment to health system transformation as a key focus area with the release of her vision and plan titled, *"Health Care for All: Sustaining the Oregon Model of Health Care Coverage, Quality, and Cost Management."* The plan included the following strategies:

- Ensure Oregonians' access to health insurance coverage
- Improve overall health outcomes through CCO 2.0
- Control cost growth in health care spending
- Use reinsurance to keep rates affordable in the private market
- Increase access to mental health and addictions treatment
- Modernize public health
- Increase capacity, retention, and diversity in Oregon's health care workforce
- Create better health through good jobs

The OHA 2019-21 Agency Request Budget includes significant funding that aligns to these strategies. The 2019-21 Analyst Recommended Budget, however, includes reductions that would directly impact the agency's ability to successfully support

the Governor's vision. Therefore, OHA is appealing these reductions:

- \$44.4 million General Fund (GF) cut to CCO quality incentive pool
- \$25.0 million GF cut to Oregon Health Plan (OHP) inflation
- \$10.4 million GF cut to Non-Medicaid behavioral health
- \$6.0 million GF cut to eliminate certain OHP dental services
- \$5.5 million GF cut to enroll more OHP clients in CCOs

OHA is appealing the \$70 million GF transfer from the PEBB Stabilization Fund. This reduction to the fund may impact PEBB's ability to meet insurer obligations and will result in a federal penalty.

The 2019-21 Analyst Recommended Budget also does not fund OHA Policy Option Package (POP) 406 to reduce tobacco use through increasing prices for tobacco products. Following the recommendation of the Governor's Medicaid Funding Workgroup, OHA is appealing for a revised POP 406 with a revenue estimate that assumes the tobacco tax is referred to and then approved by the voters. The revised POP dedicates 10 percent (\$9.2 million) of the new revenue to tobacco use and chronic disease prevention with the remaining 90 percent (\$82.8 million) available to fund the Oregon Health Plan.

In addition, the 2019-21 Analyst Recommended Budget does not fund investments that align with the Governor's health care focus. Therefore, OHA is also appealing for GF investment in the following POPs:

- \$25.0 million GF (about half requested by OHA in its 2019-21 Agency Request Budget) for Public Health Modernization (POP 405)
- \$13.1 million GF for Suicide Prevention and Intervention (POP 402)
- \$6.6 million GF for Intensive In-Home Behavioral Health Services (POP 403)
- \$5.5 million GF for Behavioral Health System Investments (POP 411)
- \$4.1 million GF for Postnatal Home Visiting (POP 401)
- \$1.1 million GF for CCO 2.0 (POP 416)
- \$0.8 million GF for Office of Child Health (POP 404)
- \$0.4 million GF for Statewide Pharmacy Purchasing (POP 422)
- \$0.3 million GF for Opioid Alternatives (POP 409)

OHA is also appealing for GF investment in the following POPs:

- \$16.0 million GF for Continuing Mental Health Funding – Marijuana Tax Backfill (POP 408)
- \$9.1 million GF for Behavioral Health Funding Shortfall from TMSA

Decrease (POP 413)

- \$7.6 million GF for Aid and Assist Misdemeanor Defendants (POP 410)
- \$6.7 million GF for MOTS/COMPASS Behavioral Health System Modernization (POP 414)
- \$3.6 million GF for State Support for Local Public Health – Medical Marijuana Backfill (POP 417)
- \$3.7 million GF for Office of Information Systems' investment to Protect, Modernize, Strengthen Information Technology (POP 205). OHA has revised this POP request.
- \$1.4 million GF for Oregon State Hospital investment in Safety, Patient Care and Regulatory Compliance (POP 412)
- \$0.8 million GF for MMIS Modularity (POP 202)
- \$0.7 million GF for Integrated Eligibility/Medicaid Eligibility System (POP 201)
- \$0.1 million GF for Oregon Buys (POP 301)

OHA is appealing three Public Health POPs (POP 418, 419 and 420) to support program fees and one PEBB/OEBB POP (421) to support Other Fund limitation for a new benefit management system.

OHA is appealing two Shared Services POPs, which primarily serve DHS programs, but OHA uses these systems for its work, as well—Provider Time Capture (POP 207) and Centralized Abuse Management System (POP 208).

While OHA is not appealing statewide administrative reductions, OHA is appealing the elimination of 20 permanent positions. OHA provides justification for keeping these positions in the attached appeal form. Regarding the other administrative reductions, if additional state revenue becomes available, OHA requests consideration for funding its administrative reductions.

OHA requests that any cuts to the Oregon State Hospital be to the Salem campus, not Junction City.

OHA is appealing POP 415 to fund the expansion of hepatitis C treatment coverage from stage 2 to stage 0. The agency, however, is in the process of analyzing the costs of providing stage 2 coverage and the projected costs for expanding coverage. OHA looks forward to working with the Governor's Office and Legislature on the policy decision to expand coverage as budget implications become more known.

Lastly, the Governor has been moving forward plans to improve the health of

Oregonians struggling with substance abuse disorders and to provide children access to the building blocks for a successful life with recommendations from her Children's Cabinet. OHA requests consideration for investment of additional funds to support these plans.

Thank you for careful consideration of the OHA appeal.

2019-21 BUDGET APPEALS SUMMARY FORM

Agency Name: Oregon Health Authority **Agency Number:** 44300
Contact Name: Janell Evans **Phone Number:** (503) 945-5775

- List your issues in priority order.
- Describe each in one or two sentences.
- Detail the changes by program unit, package number and budget category (Personal Services, Services and Supplies, Capital Outlay, Special Payments) that would be affected if the appeal is approved.
- If positions are involved, note the position number(s), classification(s), position type(s), and salary range(s) on a separate attachment.
- Attach any backup information that supports your request.
- Email the completed form to the DAS Chief Financial Office (CFO) at CFO.AgencyAppeal@oregon.gov by 5:00 p.m. on the due date shown in CFO's cover letter.

APPEAL ISSUES (List in Priority Order)	FISCAL IMPACT					
	PROGRAM UNIT / PKG NUMBER/ CATEGORY	GENERAL FUND	LOTTERY FUNDS	OTHER FUNDS	FEDERAL FUNDS	POSITIONS/ FTE
POP 406 Reduce Tobacco Use & Improve Population Health by Increasing Prices of Tobacco Products. Tobacco is the leading cause of preventable death and disease in Oregon. Through increases in the price of tobacco, this POP will reduce cigarette consumption among adults and youth and would particularly reduce smoking among OHP members. This POP would dedicate 10 percent of the price increase to tobacco and chronic disease prevention. The remaining 90 percent of the funding would be available to fund the Oregon Health Plan. These numbers assume a referendum and a start date after that.	HSD Medicaid & PH POP 406 Special Pay Personal Services Service & Supply	(\$82,800,000)		\$92,000000		3/2.25
Health Care White Paper: Governor Brown's vision is for all Oregonians to have quality, affordable health care, regardless of who they are or where they live. This vision includes CCO 2.0 (POP 416); Behavioral Health Integration (POP 411); Opioid Alternatives (POP 409); Containing Rx Drug Costs (POP 422); Home Visiting (POP 401); Office of Child Health (POP 404); Behavioral Health Intensive (POP 403); Suicide Prevention (POP 402); Public Health Modernization @ \$25M (POP 405)	POPS 416,411,409, 422,401,404, 403,402, and part of 405 Special Pay Personal Services Service & Supply	\$56,803,440		\$802,370	\$19,923,591	42/38.12
Medicaid Program Inflation Reduction from 3.4% to 3.1%. This action would reduce the OHP inflation for managed care and fee-for-service from 3.4% to 3.1% per year. In recent years, OHA has struggled to meet the already reduced inflation target of 3.4%. With CCO 2.0,	HSD/Medicaid Pkg 090-13 Special Pay	\$25,000,000			\$94,339,623	

OHA plans to make improvements to reduce the inflation growth, but will need time to achieve this. CCO capitation rates would still require federal approval as meeting actuarial soundness requirements.						
CCO Quality Incentive Pool reduction from 4.25% to 2.25%. The CCO Quality Incentive Pool is a pay-for-performance model that is a hallmark of Oregon's health transformation and a key component in our commitment to transparency and accountability. By measuring Oregon's progress and identifying both success and challenges, the state is identifying how we can continue to push for greater health transformation and ways to create better health outcomes for OHP members.	HSD/Medicaid Pkg 090-14 Special Pay	\$44,468,000			\$123,336,000	
POP 413 Behavioral Health Backfill Funding Shortfall. Many mental health investments made over the last 4 years have been funded by tobacco taxes and Tobacco Master Settlement Agreement (TMSA) funds. Both revenue sources are forecasted to decrease in the 2019-21 biennium and will not be sufficient to support these services at the current level. To continue community mental health and substance abuse disorder services dependent on tobacco tax revenues and TMSA funds, this POP requests General Fund to cover the shortfall.	HSD Non-Medicaid Behavioral Health/POP 413 Special Pay	\$9,132,500				
POP 408 Continuation of Mental Health Funding. In 2017, the Legislature supplanted General Fund with marijuana tax revenues for Community Mental Health (CMH) services. It was later discovered marijuana tax revenue cannot be used on mental health services. The 2018 Legislature passed Senate Bill 1555 to permit marijuana tax revenue expenditures on	HSD Non-Medicaid Behavioral Health/POP 408 Special Pay	\$16,039,052				

CMH services. The legislation sunsets June 30, 2019. General Fund is needed to cover basic CMH services (crisis services and indigent mental health services) in the next biennium.						
Eliminate Behavioral Health Inflation Increase. Since actual costs do increase, removing inflation for Non-Medicaid Community Mental Health would hinder the program's ability to provide the same level of service to clients in community programs. Eliminating inflation could lead to reductions in workforce within community providers and the loss of smaller providers due to the inability to secure funding through other sources.	HSD/ Non-Medicaid Pkg 090-31 Special Pay	\$10,445,264				
OHP Dental coverage eliminated for specific services. The agency would no longer cover the following dental services for adults on OHP: Crowns, full and partial dentures; scaling & root planning. CMS approval is required. The OHP Medicaid demonstration Special Terms and Conditions prohibit the state from reducing eligibility or benefits. This would likely shift costs to other areas due to unmet dental treatment needs, including increased emergency department utilization.	HSD/Medicaid Pkg 090-16 Special Pay	\$5,973,817			\$45,713,075	
PEBB Stabilization Fund. Reduce reserves (one-time). These funds are used for insurers taxes and to pay for the HEM program. This 2018 estimated balance may also be too high and is likely to be estimated lower for 2019. Any time funds are removed from the Stabilization Fund, Oregon must also pay sizeable federal penalties.	PEBB Pkg 090 Service & Supply	\$70,000,000				
Dual Eligible. Reverse one-time 2017-19 funds to transition dual-eligible clients and kids intensive services from fee-for-service (FFS) open card to CCOs as part of waiver renewal.	HSD/Medicaid Pkg 090-19 Special Pay	\$5,480,388			\$9,468,099	

These funds are needed for the overlap of the FFS claims lag and prospective CCO capitation payments. The funding provided initially in 2017-19 was only half of what was needed to make this transition, so OHA will start this policy change toward the end of 2017-19 to span two biennia and reduce the budget challenge.						
POP 201 Integrated Eligibility / Medicaid Eligibility System Project. This POP requests resources to support the continuation of the ONE Integrated Eligibility & Medicaid Eligibility (ONE IE & ME) Project from Medicaid, Shared Services, and DAS Enterprise Technology Services. The ONE system will be a single eligibility determination system for Non-MAGI Medicaid, Supplemental Nutrition Assistance Program, Temporary Assistance for Needy Families, and Employment Related Day Care programs.	Shared Services & SAEC POP 201 Personal Services Service & Supply Special Pay	\$671,490		\$9,589,123	\$1,638,121	45/45.00
December Emergency Board Ombudsman Request for 6.0 FTE. As required by ORS 414.712, the OHA provides ombudsman services to individuals eligible for medical assistance programs. Since 2010, OHA has provided these services with just one dedicated staff person. This staff person, however, is overwhelmed by the significant volume of calls and the need to ensure appropriate resolution to many complex issues. With OHP covering approximately one million Oregonians, OHA is not meeting the advocacy needs of those asking for help.	Central/ Pkg 095 CFO C-1 Personal Services Service & Supply	\$1,052,778		\$92,116	\$171,080	6/6.00
POP 410 Aid and Assist Misdemeanor Defendants. More than 40 percent of Oregon State Hospital (OSH) Aid and Assist (or “.370”) patients have been charged with only misdemeanors. To support the implementation	HSD Behavioral Health POP 410 Special Pay	\$7,612,914				

of LC 383, this POP requests funds for more intermediate (i.e., middle ground between the hospital and living independently in the community) placement options. The middle ground placement options are sought by communities and would be consistent with the US Department of Justice's expectations.						
POP 202 Medicaid Management Information System (MMIS) Modularity. The Centers for Medicare & Medicaid Services (CMS) requires all states to plan for and implement modular solutions supporting Medicaid using a competitive process. CMS seeks to support states in shifting away from reliance on a single solution provider and establish renewable, componentized solutions for long-term support of Medicaid.	HSD Admin POP 202 Personal Services Service & Supply	\$763,469			\$1,893,331	5/5.00
Long-Term Vacancies. Eliminate 20 positions vacant for at least 6 months. Currently 5 of these positions are filled, which would cause a double-fill issue, 1 position is being abolished in a reclass package submitted to DAS on 7/13/18, 6 positions are already in NeoGov for recruitment or already in interviews, and the final 8 positions are vacant to pay for mandated vacancy savings.	Pkg 090-3/ Personal Services Service & Supply	\$1,956,973			\$796,603	20/18.75
POP 205 Protect, Modernize, Strengthen Information Technology. Investment in the technology organization supporting OHA and DHS is critical to provide the level of data protection incumbent on the state and these agencies. Skilled technology resources are essential to support these efforts. Capacity must be increased to provide more robust technical support for these systems including: improved testing capabilities, reduced enhancement backlogs, and to support systems transferred to	Shared Services & SAEC POP 205 Personal Services Service & Supply Special Pay	\$3,706,184		\$11,106,795	\$730,857	40/40.00

OHA through recent legislative actions with no technical resources to support them. This POP has been reduced from the initial ask.						
Rebalance (C-21). Request for 3 new positions in the Health Systems Division. The division has an urgent need for a position in the Provider Services Section, Clinical Support Services unit. The request is for a full-time permanent Medical Review Coordinator. Two positions are also needed to support the Oregon Performance Plan's Quality Improvement requirements. Duties include development and implementation of a behavioral health quality improvement plan and process, and the development of a plan to address Medicaid and Non-Medicaid services with particular attention on adults with severe and persistent mental illness (SPMI).	HSD Admin Pkg 095 CFO C-21 Personal Services Service & Supply	\$588,138			\$112,691	3/3.00
POP 414 MOTS COMPASS System Modernization & Completion. OHA's behavioral health data currently exists on a variety of outdated systems and platforms that are unreliable and disconnected from other agency data. These systems significantly limit OHA's ability to meet federal and state data reporting requirements, track treatment outcomes, improve service delivery, and forecast caseloads. This POP would fund the procurement of expert contract services for the analysis, acquisition, and implementation of a standardized reporting system for behavioral health services.	HSD Admin POP 414 Personal Services Service & Supply Special Pay	\$6,739,793				2/1.76
POP 412 Safety, Patient Care, & Regulatory Compliance at Oregon State Hospital. Oregon State Hospital seeks to improve patient and staff safety, patient care, and regulatory compliance through a stronger, better-trained, supported, equipped, and engaged work force at Oregon	OSH POP 412 Personal Services Service & Supply Special Pay	\$1,392,453				66/5.28

State Hospital. Through several strategic investments and acquisition of unfunded position authority, this policy package will: <ul style="list-style-type: none"> • Improve staff engagement and support • Increase the hospital's ability to consistently fully meet regulatory compliance requirements for nurse staffing, patient care and active treatment • Increase direct-care staff job skills and experience levels • Improve staff job satisfaction and morale • Improve retention of competent, experienced staff • Complete the full implementation of Collaborative Problem-Solving intervention for patient care 						
Rebalance (C-2). Request to increase 2 Human Resource positions from .82 each to 1.0 FTE (C-2). The Office of Human Resources is working on enterprise wide initiatives that require full-time staff to ensure that systems are established and deliverables are met.	Central Pkg 095 CFO C-2 Personal Services Service & Supply	\$44,429		\$3,793	\$5,958	0/.36
POP 418 Fee Structure Revision for Drinking Water Services. This POP corresponds to LC 386, which revises the fee authority of Drinking Water Services and increases fee revenue to support adequate regulation of all public drinking water systems. Specifically, authority to charge an inspection (sanitary survey) fee would be replaced with an annual regulatory fee based on the number of connections served by the water system, ensuring more equitable regulation of drinking water systems.	Public Health POP 418 Personal Services Service & Supply Special Pay			\$1,853,297		5/5.00
POP 419 Fee Changes for Food, Pool and Lodging Programs. This POP corresponds to LC 387, which proposes changes to Food, Pool and	Public Health POP 419 Personal Services			\$64,450		

Lodging inspection and licensing fees. These fees were last revised in 2003 and are not sufficient to cover the Oregon Health Authority's (OHA) costs to carry out the required regulatory work.	Service & Supply					
POP 417 State Support for Local Public Health Funding Shortfall. State Support for Public Health (SSPH) is pass-through funding provided to local public health authorities (LPHAs) to help support basic capacity for communicable disease response. In the 2015-17 biennium, the funding for SSPH was converted from General Fund to Oregon Medical Marijuana Program (OMMP) fee revenue. Due to the implementation of recreational marijuana in Oregon, OMMP fee revenues have declined significantly and the program is no longer able to fund SSPH in addition to its own program operations. This POP requests General Fund to maintain the current funding level for SSPH for LPHAs.	Public Health POP 417 Special Pay	\$3,575,000				
POP 207 Provider Time Capture. The Department of Human Services and OHA in-home care programs need a system that will increase program integrity and comply with the federal 21st Century CURES Act for Electronic Visit Verification System and the U.S. Department of Labor Fair Labor Standards Act. This would be done with the implementation of a time, attendance and payment system for the program's Home Care Workers and Personal Support Workers (HCW/PSW). This POP requests General Fund to implement ongoing maintenance and enhancements that build upon a base system implemented in the 2017-19 biennium that would result in an integrated solution that meets the 21st Century Cures Act criteria and helps protect vulnerable Oregonians.	Shared Services POP 207 Personal Services Service & Supply Special Pay			\$1,276,284		

Not funding this POP would limit Oregon's ability support the system.						
POP 420 Toxic Free Kids Program. This POP fulfills responsibilities described in Senate Bill 478 (2015), which requires manufacturers of children's products containing hazardous chemicals of concern for children's health to report the use of qualifying chemicals to OHA and eventually remove the chemical from the product, or seek a waiver. This POP would create a waiver application fee to process applications. Without this fee, the Toxic Free Kids Program will not have designated resources to review applications as required by statute.	Public Health POP 420 Personal Services Service & Supply			\$111,511		
POP 421 OEGB/PEBB Benefit Management System Replacement. OEGB and PEBB share the goal of implementing a centralized, standardized, supportable, and scalable solution to replace both MyOEGB and pebb.benefits to provide easier enrollment, better coordination of benefits management, improved access to plan information, and enhanced integration with other tools that improve the overall customer and user experience. Both agencies must begin planning and analysis to implement a new solution by 2021.	OEGB & PEBB POP 421 Personal Services Service & Supply			\$1,806,102		4/4.00
POP 208 Centralized Abuse Management System. House Bill 4151 requires the state of Oregon and the Department of Human Services as its agent, to standardize processes and technology related to abuse of vulnerable adults. Oregon's current environment for tracking, reporting, analyzing, and investigating incidents of adult abuse relies on accessing information from nine distinct systems or data sources. This POP requests General Fund to implement	Shared Services POP 208 Personal Services Service & Supply Special Pay			\$446,578		

ongoing maintenance and additional enhancements to build upon the capabilities of a base system implemented in the 2017-19 biennium, for an integrated solution, which meets HB 4151 criteria and helps protect vulnerable Oregonians.						
POP 301 Oregon Buys. This proposal will automate the procurement process. The proposed end-to-end enterprise e-procurement system would improve administrative processes; incorporate procurement best practices; create uniformity and standardization for users and vendors; capture data and provide improved reporting capability that will be used to increase agencies' buying power and make strategic procurement decisions.	Shared Services & SAEC POP 301 Service & Supply Special Pay	\$146,498		\$546,064	\$58,942	
POP 415 Expanding Hepatitis C Coverage. Expand coverage for Medicaid recipients to receive Direct Acting Anti-Viral Medications in the treatment of Hepatitis C and prepare the Oregon Health Authority for innovative approaches to Hepatitis C treatment access that involve manufacturers contributing to the solution.	HSD Medicaid POP 415 Special Pay	\$39,000,000		\$48,000,000	\$332,000,000	

From: [HEIBERG HOLLY](#)
To: [EDLUND Tina * GOV](#); [ROMAN Linda * GOV](#)
Cc: [Jagger Dawn A](#); [EVANS Janell R](#)
Subject: OHA_Aid and Assist Patients at Oregon State Hospital.pdf
Date: Monday, October 29, 2018 3:20:49 PM
Attachments: [OHA_Aid and Assist Patients at Oregon State Hospital.pdf](#)



Office of the Director

Kate Brown, Governor



500 Summer Street NE E20
Salem, OR 97301
Voice: 503-947-2340
Fax: 503-947-2341
TTY: 503-947-5080

October 29, 2018

The Honorable Senator Peter Courtney, Co-Chair
The Honorable Representative Tina Kotek, Co-Chair
State Emergency Board
900 Court Street NE
H-178 State Capitol
Salem, OR 97301-4048

Dear Co-Chairpersons:

Nature of the Emergency / Request

The Aid and Assist population at the Oregon State Hospital continues to increase. The hospital has a capacity for 210 Aid and Assist patients; however, recent census for this group has reached 256 patients. As a result, the hospital has had to place Aid and Assist patients in other commitment-type beds and delay accepting new Aid and Assist patients from the courts in a timely manner.

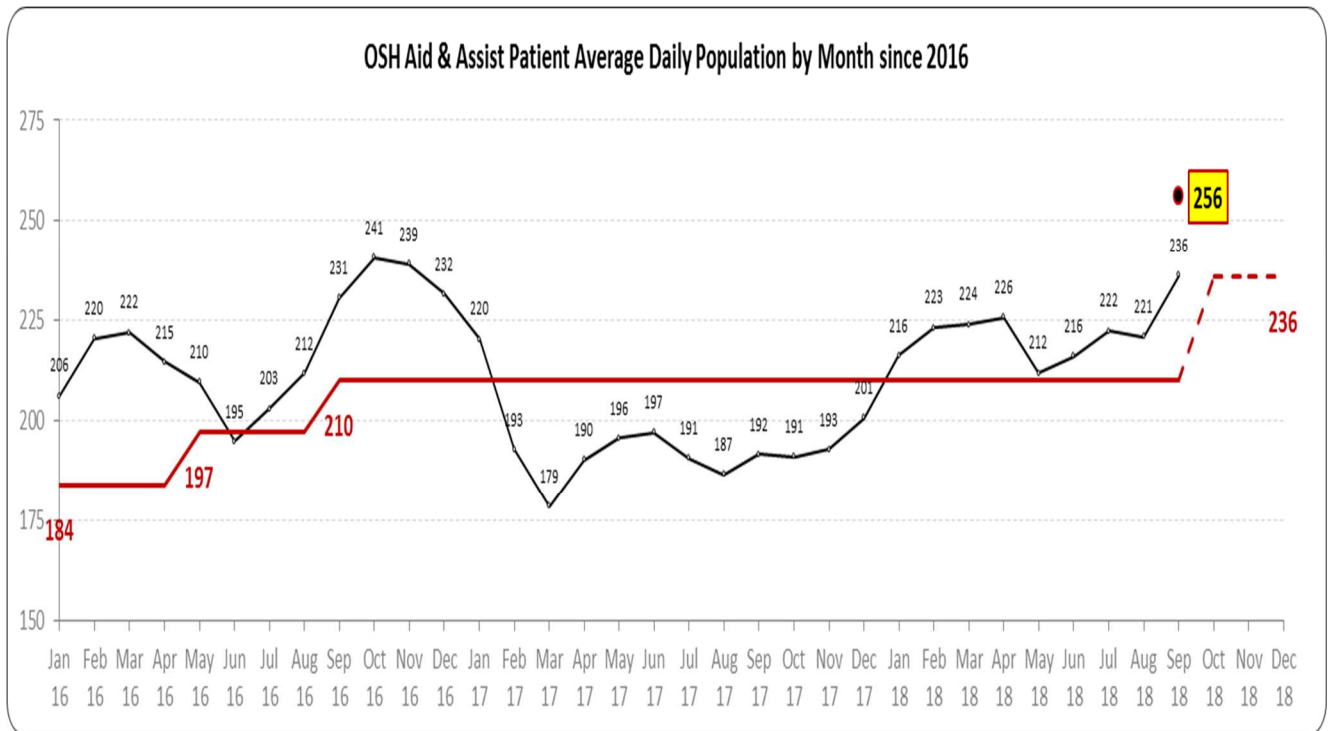
To meet its legal requirements and more adequately meet the need, OHA respectfully requests positions authority and funding to increase staffing to open an additional 25-bed unit in Junction City. The hospital would use this new unit for civil commitment patients, freeing up capacity at the Salem campus for Aid and Assist patients.

Agency Action

For the Oregon State Hospital to meet its legal requirements to accept Aid and Assist patients, the hospital would open one additional 25-bed Civil Commitment unit at the Junction City campus and transfer Civil Commitment patients from the Salem campus to the Junction City facility. This would create additional capacity for Aid and Assist patients at the Salem campus.

This Junction City unit was designed as a Secure Residential Treatment Facility (SRTF) rating. OHA would seek a licensure/certification variance to operate it as a Hospital Level of Care (HLOC) unit.

To provide a historical perspective, the following graph illustrates the history of Aid and Assist average daily census at the Oregon State Hospital since 2016.



Action Requested

Based on the increased need to serve Aid and Assist patients, OHA respectfully requests position authority and funding as follows:

Total position request: 61 total permanent full-time positions for six months (12.71 FTE)

- 9 – Mental Health Registered Nurse
- 9 – Mental Health Therapist 2
- 9 – Mental Health Therapy Tech
- 8 – Licensed Practical Nurse
- 5 – Mental Health Security Tech
- 2 – Physician Specialist
- 2 – Clinical Psychologist 2
- 2 – Psychiatric Social Worker
- 1 – Custodian
- 1 – Office Specialist 2

- 1 – Nurse Manager
- 1 – Program Analyst 1
- 1 – Program Analyst 2
- 1 – Behavior Health Specialist 2
- 1 – Mental Health Supervising RN
- 1 – Administrative Specialist 1
- 1 – Activities Coordinator
- 1 – Pharmacist
- 1 – Occupational Therapist
- 1 – Rehabilitation Therapist
- 1 – Manual Arts Instructor
- 1 – Facility Maintenance Specialist
- 1 – Clinical Dietician

Total 2017-19 funding request for positions:

- \$2,714,077 General Fund/Total Funds

Legislation Affected

Oregon Laws 2017, chapter 545, section 1, subsection 1.

Sincerely,



Patrick M. Allen
Director

CC: Linda Ames, Legislative Fiscal Office
Tom MacDonald, Department of Administrative Services

From: [WISDOM Kimberley * DAS](#)
To: [BLOSSER Nik * GOV](#); [KORESKE Debbie * GOV](#); [ZEJDLIK Gina * GOV](#); [LESLIE Berri * GOV](#); [MOLLER Mary * GOV](#); [COBA Katy * DAS](#); [CHEANG Sophorn * GOV](#); [EDLUND Tina * GOV](#); [ROMAN Linda * GOV](#)
Cc: [MACDONALD Thomas * DAS](#); [ANDREW Jennifer J * GOV](#); [OGAN Sadie L * GOV](#); [BENSON Coline * GOV](#)
Bcc: [WISDOM Kimberley * DAS](#)
Subject: CONFIDENTIAL Oregon Health Authority appeal memo
Date: Wednesday, October 31, 2018 7:58:51 AM
Attachments: [443_OHA_Appeal_Memo.docx](#)
Importance: High

Good morning

Attached are the documents for Oregon Health Department appeal meeting on 11/1/18 2:30p – 3:30p.

The appeal memo is not to be shared with the agency, and is an internal document only.

Thank you,
Kim

Kim Wisdom

Executive Assistant to George Naughton and Kate Nass

Chief Financial Office

503-378-5087

kimberley.wisdom@oregon.gov

STATE OF OREGON

INTEROFFICE MEMO

DEPARTMENT OF ADMINISTRATIVE SERVICES

DATE: October 26, 2018

TO: George Naughton, CFO
Kate Nass, Deputy CFO

FROM: Tom MacDonald

SUBJECT: 2019-21 Budget Appeal – Oregon Health Authority

POINTS FOR DISCUSSION

The Oregon Health Authority (OHA) is appealing a total of \$946.5 million, of which \$240.6 million is General Fund, and 241 positions (174.52 FTE). These amounts represent most of the analyst's recommended General Fund reductions and the policy packages not supported in the recommendation. Apart from these totals, the agency also appeals the recommended transfer of \$70 million from the Public Employees' Benefit Board (PEBB) to the General Fund and a proposed increase on tobacco taxes, which was not incorporated into the analyst recommended budget. Notably, OHA did not appeal the analyst's recommendation to eliminate the Graduate Medical Education program ("non-leveraged" component), which impacts 11 teaching hospitals.

In response to the appeals, the analyst recommends restoring some of the reductions and supports several policy packages if funds can be identified. The analyst makes no recommendation on three fee proposals pending decisions on legislative concepts and due to the need for further policy considerations.

The major points for discussion are as follows:

- **OHA's Budget Risk:** In both 2018 and 2019, OHA missed its 3.4 percent annual inflation target for coordinated care organization (CCO) rates. For 2018, the statewide average rate increased by 5.3 percent compared to the previous year and then increased by 5.1 percent in 2019. In OHA's December 2018 rebalance, the agency will request an additional \$28.9 million General Fund and \$149.4 million in federal matching funds for increased costs in the Oregon Health Plan (OHP) beyond what the current budget supports. Overall, the current rebalance plan will request an agency-wide General Fund increase of \$96.8 million, which ranges from small administrative requests to large budget problems identified in OHP and the Oregon State Hospital. The agency intends to fund these General Fund increases with \$101 million in General Fund savings from increased health care provider revenue and caseload decreases.

Although some of the cost increases are presumed to be one-time in 2017-19, the increased CCO rates pose a risk because the 2019-21 budget is predicated on OHA meeting its 3.4 percent based on the *original* estimated rates for 2018 and 2019. Moreover, the \$101 million

in General Fund savings recognized in 2017-19 could have been used to help fund other priorities of the Governor's if OHA did not need to leverage it in its rebalance (assuming decisions allow the rebalance to move forward as is).

These issues should be kept in mind when considering OHA's 2019-21 budget appeals, which are mostly focused on adding state staff – 241 positions in total. Yet because a significant budget risk exists for spending outside of the agency, i.e. the rates CCOs receive for managing OHP services, the analyst recommends priority be given to the agency's requests based on the degree to which the requested positions could truly help lower costs and advance effective treatment models. To the extent the agency's General Fund budget is increased for on-going state employee expenses, less money may be available to resolve potential problems arising from downstream costs.

- **Revenue Package:** Achieving OHA's General Fund target is largely dependent on the revenue package recommended by the Governor's workgroup. OHA does not appeal the analyst's recommendation to increase the OHSU contribution for the Oregon Health Plan by \$50 million or the proposed two percent prescription drug wholesale tax, which the analyst recommends as a critical add-back. Additionally, the proposed Subsidized Employer Assessment might be able to be reconfigured to generate more than the currently assumed \$100 million in new revenue. While this conversation continues, the recommendations below assume the current revenue estimate remains unchanged.

Also, now that the recommendations for the insurance premium tax, employer assessment, and tobacco tax proposals have taken shape conceptually, more work and decisions still need to occur regarding implementation if these proposals move forward. Implementing the cigarette tax increase, for instance, faces a challenge in terms of amending the current tax law to ensure the existing tobacco tax distributions are not negatively impacted by a tax increase while also ensuring additional state funds become available for OHP as anticipated. Additionally, questions remain regarding how, or if, Public Health Modernization should be funded through the proposed tax increase.

- **Administrative Reductions:** Over the course of multiple budget cycles, OHA has not proposed reduction options impacting its administrative spending. Virtually all of the agency's required 10 percent reduction list impacts funding for OHP benefits or other funding allocated to local communities for health-related services. In an effort to propose a breadth of reduction options, the analyst recommended budget eliminates 20 long-term vacant positions—13 of which have been vacant for between six and 12 months and seven of which have been vacant for more than 12 months. These changes save \$1.9 million General Fund.

OHA has appealed this recommendation and indicates five of the positions are now filled and six are in the recruitment process. These actions have evidently occurred in the past four weeks. Assuming some of the positions are no longer vacant, the analyst recommends restoring the eliminated positions and related funding and instead increasing the agency's 5 percent vacancy savings reduction by \$1 million. OHA agrees with this alternative reduction.

ITEMS BEING APPEALED

1. **Tobacco Tax (package 406):** \$92,000,000 General Fund / Other Funds; 3 positions (2.25 FTE)

Recommendation: Recommended as modified

Discussion: This appeal addresses OHA’s proposal to increase tobacco taxes and dedicate 10 percent of the new revenue to tobacco and chronic disease prevention. A tobacco tax increase is also part of the recommendation from the Governor’s Medicaid workgroup, which proposes a \$2.00 per pack increase on cigarettes and extending the tax on “other tobacco products” to vaping. The additional revenue generated would be dedicated to OHP after reserving 10 percent for Public Health *and* holding the existing tobacco tax allocations harmless. Assuming a December 1, 2020 start date, the total estimated increase in new revenue is approximately \$136 million, of which \$27 million must be discounted to hold the existing distributions harmless and \$14 million reserved for Public Health, which leaves approximately \$95 million for OHP.

The analyst recommends including the \$95 million in additional tobacco tax revenue to help fund OHP. Instead of reserving 10 percent of the new revenue for public health prevention activities, the analyst recommends allocating this revenue, or some variation thereof, to help fund Public Health Modernization (POP 405).

If the 10 percent threshold were adopted, Public Health Modernization would receive an even higher level of tobacco tax revenue—\$48 million—over a 24 month period according to current estimates for the 2021-23 biennium.

Note: OHA’s appeal form does not accurately reflect the tobacco tax revenue estimates from the workgroup proposal.

2. **Health Care White Paper (packages 401-405, 409, 411, 416, 422):** \$56,865,905 General Fund; \$802,370 Other Funds; \$19,923,591 Federal Funds; 45 positions (41.12 FTE)

Recommendation: Recommended for approval if available revenue is identified to fund minimum level of requested positions

Discussion: The agency appeals all of its proposed policy packages aligned with the Governor’s health care agenda. To the extent funds are available, the analyst recommends supporting these priorities after ensuring critical buy-backs supporting core functions are funded. For any packages that are funded, the analyst recommends scaling down the number of positions to the minimum needed to carry out key objectives.

Also, policy package 405 supports the Public Health Modernization proposal at \$25 million, which is recommended to be funded through the tobacco tax proposal discussed above.

Note: OHA's appeal form does not precisely reflect the dollar and position impacts from these policy packages.

3. CCO Inflation (package 090): \$25,000,000 General Fund; \$94,339,623 Federal Funds

Recommendation: Not recommended

Discussion: This appeal would restore the analyst recommended reduction in annual CCO inflation from 3.4 percent to 3.1 percent. The appeal is not recommended for approval in an effort to continue decreasing the cost of health care and establish an aggressive benchmark for CCOs to achieve. However, given the higher than anticipated CCO rates in 2018 and 2019, this reduction should remain as an add-back consideration.

4. Quality Incentive Pool (package 090): \$22,234,023 General Fund; \$61,667,950 Federal Funds

Recommendation: Recommended as modified

Discussion: This appeal would restore a reduction in the amount of funding available for the Quality Incentive Pool program, which rewards CCOs for meeting health care quality benchmarks. The quality pool currently represents 4.25 percent of aggregate annual payments to CCOs. The analyst recommended reducing this to 3.25 percent.

The agency's appeal is recommended for approval to be consistent with the Governor's priority of paying for performance in the OHP. However, based on OHA's plan to decrease the pool by 0.75 percent in 2019, which will not be paid until the 2019-21 biennium, the amount to restore is likely less than \$22.2 million. At the time of this writing, OHA is still calculating the correct amount to restore to the budget.

5. Non-Medicaid Behavioral Health Backfill (package 413): \$9,132,500 General Fund

Recommendation: Recommended

Discussion: OHA's appeal would backfill declining tobacco tax and Tobacco Master Settlement Agreement funding available for Non-Medicaid Behavioral Health with General Fund. This request is similar to a different OHA appeal (item #7) to restore \$10.4 million General Fund in inflationary expenses eliminated in the analyst budget recommendation. The analyst recommends approving the OHA proposal to backfill declining tobacco revenue while maintaining the elimination of inflation in light of General Fund constraints.

Although these recommendations effectively hold this budget flat in comparison to the 2017-19 amount, a significant amount of additional state funds have been invested in Non-Medicaid Behavioral Health over the past several years. Most recently, the 2017-19 budget increased funding for Non-Medicaid Behavioral Health by \$17.7 million in one-time revenue available

from tobacco tax revenue OHA had not expended from the prior biennium. This amount of one-time revenue was shifted to General Fund in the agency's Current Service Level budget due to the understanding that the activities supported by the one-time revenue were to be on-going. This fund shift to the General Fund increased the on-going budget for Non-Medicaid Behavioral Health by more than the decline in tobacco revenue cited by OHA in its appeal. If additional state funds are ultimately needed to balance the budget, this recommendation should be revisited.

6. Continuation of Mental Health Funding (package 408): \$16,039,052 General Fund

Recommendation: Not recommended; propose statutory change instead of General Fund increase

Discussion: As a budget-saving measure in 2017-19, \$50.6 million in General Fund was reduced in the Non-Medicaid Behavioral Health budget due to new recreational marijuana tax revenue in the Mental Health Alcoholism and Drug Services Account. The \$50.6 million in General Fund savings was spread across the addictions and mental health components of the budget in accordance with those programs' available General Fund dollars. These adjustments resulted in a General Fund reduction of \$34.6 million in addiction services and \$16 million reduction in mental health services—all offset by the available marijuana revenue. However, it was later determined that state law authorizes the marijuana revenue in the account to be used only for certain addiction services and are not flexible enough to be used for mental health services, which resulted in a \$16 million shortfall in mental health funding.

To resolve this issue in 2017-19, Senate bill 1555 (2018) authorizes the use of funding from the Mental Health Alcoholism and Drug Services Account for both addiction and mental health services. This bill sunsets on July 1, 2019, which means funds in the account can only be used for addiction service in 2019-21 and beyond. If current law stands, the mental health budget will experience a \$16 million shortfall compared to its 2017-19 level of funding and, likewise, the addictions budget will experience a \$16 million increase due to the requirement for revenue in the Mental Health Alcoholism and Drug Services Account to be used only for addiction services.

OHA submitted package 408 to backfill the \$16 million loss of marijuana tax revenue available for mental health with General Fund. The analyst does not recommend the General Fund backfill for approval and instead recommends to eliminate the sunset included in Senate Bill 1555 (2018). There is currently no legislative concept proposed for this purpose, but the sponsor of Senate Bill 1555 (Sen. Steiner Hayward) has indicated she would again sponsor a bill to eliminate the sunset. Although a carrier for this action may be available in the legislature, the analyst recommends further discussion to confirm this policy change is desired.

7. Non-Medicaid Behavioral Health Inflation (package 090): \$10,445,264 General Fund

Recommendation: Not recommended

Discussion: This appeal would restore the elimination of standard and medical inflation for Non-Medicaid Behavioral Health. This request is not recommended for approval given the analyst's separate recommendation to backfill declining tobacco revenue with General Fund (item #5).

8. Dental Services (package 090): \$5,973,817 General Fund; \$45,713,075 Federal Funds

Recommendation: Recommended

Discussion: This appeal would restore a recommended elimination of certain adult dental services covered by the Oregon Health Plan, including crowns, dentures, scaling, and root planning. The analyst recommends this reduction as a critical buy-back in order to preserve health care benefits.

9. PEBB Stabilization Fund (package 090): \$70,000,000 revenue transfer to the General Fund

Recommendation: Recommended as modified; revise revenue transfer amount as necessary to be consistent with a potential revision to the fund's target level based on further actuarial analysis

Discussion: OHA appeals the analyst's recommendation to transfer surplus reserves from the PEBB Stabilization Fund to the General Fund. OHA indicates that a higher balance in the PEBB Stabilization Fund may be needed in future years and that a transfer from the fund will result in a federal penalty. As an early estimate, OHA believes a \$50 million revenue transfer is more appropriate.

The recommended \$70 million transfer is based on the fund's current surplus of approximately \$90 million and assumes a federal penalty as high as 20 percent, which could be negotiated to a lower amount. Subsequent to this recommendation, PEBB's actuary is working to recalculate the estimated fund balance required once Moda transitions to self-insured status in 2019, which could reduce the fund's surplus balance. Questions also remain regarding how the proposed 2 percent insurance premium tax will be funded for PEBB's plans, as the current 1.5 percent tax is paid by the Stabilization Fund instead of through premiums.

Absent any alternative revenue sources, the analyst recommends transferring the surplus balance to the General Fund after the revised actuarial analysis has been completed.

10. Dual Eligible / Intensive Services (package 090): \$5,480,388 General Fund; \$9,468,099 Federal Funds

Recommendation: Not recommended

Discussion: The 2017-19 OHA budget includes funds to support one-time transitional costs related to the 2017 renewal of the state's Medicaid demonstration waiver. Previously, individuals who were dually eligible for both Medicare and Medicaid were placed in fee-for-service (FFS) with the option of opting in to CCO services. Under the renewed waiver, these individuals are placed in CCOs with the option of opting out at any time. This action resulted in one-time costs related to the timing of funding for CCOs versus FFS costs as more dual-eligible individuals receive services through CCOs. The renewed waiver also moved certain intensive services provided to children to CCOs, resulting in a similar timing issue.

The analyst recommended budget removed these funds, which is consistent with the one-time designation of these funds approved in the agency's 2017-19 budget. OHA indicates this one-time funding is now half of what the actual costs are and that the transition of these populations to CCOs will continue into the 2019-21 biennium. Due to budgetary constraints and the one-time nature of the transition, the analyst does not recommend the appeal for approval. Ultimately, the members who transition to CCOs should cost less as opposed to under the FFS model. As these savings accrue, OHA can use them to support the remaining transitional costs.

11. Integrated Eligibility / Medicaid Eligibility Project (package 201): \$671,490 General Fund; \$9,589,123 Federal Funds

Recommendation: Recommend for approval in consistency with the recommendation in the DHS budget

Discussion: This package requests funding to continue supporting the ONE Integrated Eligibility and Medicaid Eligibility (ONE IE & ME) project to integrate the caseload eligibility systems used for several programs administered by the Department of Human Services and the new eligibility system for Medicaid. A corresponding request of \$19.3 million General Fund is included in the DHS budget to support its share of the project.

The OHA portion of the request would support converting four limited-duration positions to permanent full-time to satisfy the agency's understanding of federal expectations to provide system oversight and for additional program support. The request also includes funds for on-going maintenance and operation costs. The analyst recommends approval of the request in concept in light of this request being recommended for approval in the DHS budget. However, the analyst defers to the OSCIO regarding importance of converting the limited-duration positions to permanent full-time in OHA. If these limited-duration positions are not "mission critical," the analyst does not recommend them for approval due to budgetary constraints.

12. December E-Board – Ombudsman Positions (package 095): \$1,052,778 General Fund; \$92,116 Other Funds; \$171,080 Federal Funds; 6 positions (6.00 FTE)

Recommendation: Not recommended

Discussion: OHA proposes six new positions in 2017-19 to provide ombudsman services to individuals eligible for medical assistance programs (Medicaid and Non-Medicaid). The agency currently has one position responsible for this function. OHA intends to submit a request for the December 2018 Emergency Board to begin funding the positions in 2017-19, with this appeal requesting funding for the Governor’s 2019-21 budget.

The analyst does not recommend approval at this time until available resources are identified for this function. Additionally, should this function be determined to be an investment priority of the Governor, the analyst recommends exploring a scaled-back approach by supporting fewer ombudsman positions and/or narrowing their focus to Medicaid services in order to match additional federal dollars and reduce the amount of required state support.

13. Aid and Assist Misdemeanor Defendants (package 410): \$7,612,914 General Fund

Recommendation: Recommended to the extent sufficient funds are identified

Discussion: This package is tied to OHA’s legislative concept 383, which would require misdemeanor mental health patients to be evaluated and treated in the community unless a certified evaluator determines the person needs hospital level of care. This change would help curb the number of Aid and Assist patients sent to the Oregon State Hospital for low level misdemeanors. The requested funding would support these patients in intermediate levels of care in community settings. Costs include residential service payments, room and board, and personal incidental funds.

This request is recommended for approval if funds can be identified and prioritized given the on-going problems with Aid and Assist patients being placed in the State Hospital when they would be more appropriately treated in the community if beds were available. This request could be scaled down and should be tied to a commitment by OHA to recognize savings the hospital achieves by decreasing its Aid and Assist population.

14. Medicaid Management Information System Modularity (package 202): \$763,469 General Fund; \$1,893,331 Federal Funds; 5 positions (5.00 FTE)

Recommendation: Recommended as modified

Discussion: This package includes funding to continue OHA’s work to plan for modular solutions for its Medicaid benefits system. This project relates to a federal requirement by the Centers for Medicare and Medicaid for states to shift from the reliance on single system solutions and instead establish renewable, componentized solutions to support Medicaid

claims and payments. The requested funding would support five new positions. A corresponding request of \$405,909 General Fund is included in the DHS budget due to the shared services relationship between the two agencies.

If this request is supported by OSCIO, the analyst recommends funding—at most—three of the five requested positions in OHA. The two positions not recommended for approval reflect the agency’s request to convert two existing limited-duration positions to permanent positions to support more general activities outside the scope of the modularity project, such as Secretary of State audit compliance, change orders for the ONE IE/ME project, and data analysis.

15. Elimination of Long-Term Vacancies (package 090): \$1,956,973 General Fund; 20 positions (18.75 FTE)

Recommendation: Recommended as modified

Discussion: The agency’s appeal would restore the analyst’s recommendation to eliminate 20 positions that have been vacant at least six months. These positions are not direct care or management level and are not assigned to the Oregon State Hospital, which currently relies on vacant positions to manage staffing challenges. The agency indicates that five of the positions are now filled, one is being abolished as part of a reclassification package, and six are in some stage of the recruitment process. The hiring updates have occurred within the past four weeks.

Based on additional discussions with OHA, the analyst recommends restoring the 20 positions and \$900,000, and instead recommends to increase the agency’s 5 percent vacancy reduction by \$1 million.

16. Protect, Modernize, Strengthen Information Technology (package 205): \$3,8706,184 General Fund; \$11,106,795 Other Funds; \$730,857 Federal Funds; 40 positions (40.00 FTE)

Recommendation: Not recommended unless prioritized by OSCIO and available funding is identified

Discussion: This request supports additional positions in the OHA/DHS Office of Information Services for four functions: 1) improve service delivery by increasing support for the Child Welfare system; 2) increase IT security; 3) improve data analysis and quality by creating a testing and data analytics team; and 4) strengthen maintenance and operations support and establish a “Quick Hit” team to provide a more responsive turn-around time to customer needs.

The analyst defers to OSCIO’s input on this proposal and recommends funding only those positions identified as critical given limited resources and other investment priorities identified for health care.

17. Rebalance – 3 positions in Health Systems (package 095): \$588,138 General Fund; \$112,691 Federal Funds; 3 positions (3.00 FTE)

Recommendation: Not recommended

Discussion: As part of its December 2018 rebalance, OHA requests three positions to do the following: 1) one position to serve as a Medical Review Coordinator to review prior authorization requests for the Oregon Health Plan and other specialized clinical requests; 2) one position to develop and implement a behavioral health quality improvement plan and process; and 3) one position to support work being done on the Oregon Performance Improvement Plan, which relates to corrective action Oregon is taking in response to concerns raised by the U.S. Department of Justice regarding state mental health services. OHA has already moved forward in the hiring process to fill all three positions in 2017-19.

The analyst does not recommend approval of the request as a result of limited resources available for this purpose and in light of other priorities identified as part of the Governor's health care agenda. Should funds become available, the analyst recommends funding these positions after higher priorities have been funded.

18. MOTS/COMPASS System Modernization (package 414): \$6,739,793 General Fund; 2 positions (1.76)

Recommendation: Recommended for approval if supported by OSCIO and funds are identified for this purpose

Discussion: This request would help fund the replacement of OHA's Non-Medicaid Behavioral Health data and reporting system. Given the importance of this system, the analyst recommends approval if the project plan is also supported by OSCIO and if funding is available for this purpose.

19. Safety, Patient Care, and Regulatory Compliance (package 412): \$1,392,453 General Fund; 66 positions (5.28 FTE)

Recommendation: Not Recommended

Discussion: This package addresses patient and staff safety at the Oregon State Hospital and aims to improve retention issues with direct care staff. First, the package supports six additional staff for the hospital's final phase of the Collaborative Problem Solving (CPS) patient and staff safety program, which the hospital has been implementing with existing resources. The package would also convert 60 limited-duration nursing float pool staff to permanent positions. The limited-duration positions are currently funded with vacancy savings, which the hospital would use to fund the permanent positions. The purpose of

transitioning these positions to permanent status is to provide a path for some of these staff to be retained as full-time staff and improve continuity of patient care.

The analyst does not recommend providing additional funds to support the CPS program, since this program was initiated by the hospital within its existing resources. While the analyst supports using a float pool, the analyst does not support permanently establishing positions. This request was approved about four years ago and the hospital absorbed these positions into units. The practice of administratively establishing Limited Duration positions has worked over the past years.

20. Rebalance – Increase Human Resources FTE (package 095): \$44,429 General Fund; \$3,793 Other Funds; \$5,958 Federal Funds; 0 positions (0.36 FTE)

Recommendation: Not recommended

Discussion: As part of its December 2018 rebalance, OHA requests to increase an FTE within its Office of Human Resources to support compliance with the state’s pay equity law, as well as several other functions, including employee engagement, program analysis, and strategic planning.

The analyst does not recommend this request for approval since these functions should be supported within the agency’s existing administrative resources and since no statewide budget decisions have been made regarding the implementation of the pay equity law.

21. Fee Change – Drinking Water Services (package 418): \$1,853,297 Other Funds; 5 positions (5.00 FTE)

Recommendation: Pending decisions on legislative concept 386

Discussion: This package corresponds to OHA’s legislative concept 386, which revises drinking water fees paid by local utilities, cities, and other entities to support increased regulation of public drinking water systems. During the September 2018 Emergency Board, the legislature approved two positions to support this effort in 2017-19—one limited-duration position and one permanent full-time position, both of which are funded by General Fund. If the 2019-21 fee proposal is approved, the limited-duration position, as well as four new positions, will be funded by the new fee revenue. The permanent full-time position approved in 2017-19 is planned to continue being funded by General Fund regardless of the outcome of the fee proposal.

The analyst’s recommendation is pending decisions on legislative concept 386.

22. Fee Change – Food, Pool, and Lodging Programs (package 419): \$64,450 Other Funds

Recommendation: Pending decisions on legislative concept 387

Discussion: This package corresponds to OHA’s legislative concept 387, which increases public health inspection fees paid by food service facilities, public pools/spas, and tourist accommodations. Much of this regulation is delegated to local public health authorities (LPHAs), who have the authority to adjust their fees above/below the statutory level within certain parameters. There are two key elements of the proposal: 1) LPHAs must get permission from OHA if they raise their fees to greater than 20 percent of the statutory levels; and 2) unlike LPHAs, OHA must abide by the statutory fee levels for the regulatory functions it performs. This second point has become more important due to Wallowa County recently returning its public health authority status to OHA, which results in a cost increase to OHA. Part of this cost increase has been funded in the analyst recommended budget. This fee increase would help OHA cover its costs for regulating food, pool, and lodging businesses. Also, the current fees charged by LPHAs are now above the 20 percent threshold and the fee proposal intends to align the statutory fees with the fees already being charged, thereby reducing the need for LPHAs to request approval for future fee adjustments until they again surpass the 20 percent threshold.

The analyst recommendation is pending decisions on legislative concept 387.

23. Local Public Health Revenue Shortfall (package 417): \$5,480,601 General Fund

Recommendation: Recommended

Discussion: As a budgetary savings measure, the 2015-17 budget converted General Fund support for local public health authority (LPHA) pass-through funding to available fee revenue from the Oregon Medical Marijuana Program. This revenue has since declined significantly—decreasing by over 34 percent since 2016—and the Public Health Division is no longer able to fund LPHAs at the current level. The legislature included a General Fund increase of \$12.1 million in 2017-19 to mitigate the decline in OMMP revenue and this package requests to backfill additional declines in revenue with General Fund.

The analyst recommends this request for approval if available resources can be prioritized for this purpose given the impact on local public health programs.

24. Provider Time Capture (package 207): \$1,276,284 Other Funds

Recommendation: Not recommended for consistency with the recommendation in the DHS budget

Discussion: This package supports OHA's shared services costs for a project in DHS to implement a time, attendance, and payment system for home care workers and personal support workers. The cost in the DHS budget is \$2.4 million General Fund.

The analyst defers making a recommendation on this request pending decisions on the DHS budget.

25. Fee Change – Toxic Free Kids Program (package 420): \$111,511 Other Funds

Recommendation: Pending statewide decisions on fee proposals

Discussion: This package provides Other Funds expenditure limitation for the establishment of a new Toxic Free Kids Program waiver application fee through the administrative rules process. This program administers statutory requirements related to manufacturers of children's products containing hazardous chemicals of concern for children's health. These manufacturers are required to report the use of such chemicals to OHA and eventually remove the chemical from the product or seek a waiver. The program has already established other fees to support its regulatory costs, but has not established a waiver application fee.

Although this fee adjustment does not require a statutory change, the analyst does not make a recommendation at this point given the need to further discuss the potential implications of this proposal given the political and stakeholder sensitivities regarding fees in this program.

26. PEBB/OEBB Benefit Management System Replacement (package 421): \$1,806,102 Other Funds; 4 positions (4.00 FTE)

Recommendation: Recommended

Discussion: This package supports planning costs related to the replacement of the benefit management systems used by the Public Employees' Benefit Board (PEBB) and Oregon Educators Benefit Board (OEBB), which currently use separate systems. PEBB and OEBB both share a goal of implementing a centralized standard system to provide easier enrollment and better coordination of benefit management.

The analyst recommends approval of this request contingent on this recommendation being supported by OSCIO.

27. Centralized Abuse Management System (package 208): \$446,578 Other Funds

Recommendation: Recommended for approval consistent with the recommendation in the DHS budget

Discussion: This package provides Other Funds expenditure limitation for OHA's shared services costs for a corresponding DHS request to support ongoing maintenance, operations, and enhancements for its Centralized Abuse Management (CAM) system. The General Fund cost of this package in the DHS budget is \$3.5 million.

The analyst recommends approval for consistency with the recommendation in the DHS budget.

28. Oregon Buys (package 301): \$146,498 General Fund; \$546,064 Other Funds; \$58,942 Federal Funds

Recommendation: Pending statewide decisions regarding funding for Oregon Buys

Discussion: This package is part of an OHA/DHS request to support implementation and ongoing fees related to the Oregon Buys e-procurement project. The corresponding General Fund request in the DHS budget is \$209,374. Since the Oregon Buys project impacts multiple agencies, the analyst recommends deferring this request to statewide decisions on how the project should be funded.

29. Hepatitis C Treatment Expansion (package 415): \$39,000,000 General Fund; \$48,000,000 Other Funds; \$332,000,000 Federal Funds

Recommendation: Not recommended

Discussion: This package supports the expansion of OHP coverage for Hepatitis C treatment for patients with early stages of the disease. In the 2017-19 biennium, funding was provided to expand OHP coverage to treat Hepatitis C patients at fibrosis stages two through four. This package would further expand treatment for patients at all fibrosis stages.

The analyst does not recommend this request for approval given the lack of demonstrated need for additional funding. The analyst's budget recommendation already eliminates a six-month phase-in of funding approved for 2017-19 because it is not needed for the number of OHP members seeking treatment and in light of declining treatment costs. The level of funding requested for 2019-21 does not reflect declining prices and no data has been provided regarding the number of patients who might seek treatment at very early stages of the disease.

OTHER ANALYST RECOMMENDED ADJUSTMENTS

The analyst recommends making technical adjustments to Other Funds and Federal Funds expenditure limitation in relation to the Services and Supplies reductions and vacancy savings

adjustments, assuming these recommendations are preserved in the Governor's Recommended Budget. This recommendation reflects an informal request from OHA.

From: [ANDREW Jennifer J * GOV](#)
To: [BLOSSER Nik * GOV](#)
Subject: FW: CONFIDENTIAL Oregon Health Authority appeal memo
Date: Wednesday, October 31, 2018 8:25:21 AM
Attachments: [443 OHA Appeal Memo.docx](#)
Importance: High

Want me to bring this in to you at 9am for your next meeting?

-Jen

From: WISDOM Kimberley * DAS
Sent: Wednesday, October 31, 2018 7:59 AM
To: BLOSSER Nik * GOV <Nik.BLOSSER@oregon.gov>; KORESKE Debbie * GOV <Debbie.KORESKE@oregon.gov>; ZEJDLIK Gina * GOV <Gina.ZEJDLIK@oregon.gov>; LESLIE Berri * GOV <Berri.Leslie@oregon.gov>; MOLLER Mary * GOV <Mary.MOLLER@oregon.gov>; COBA Katy * DAS <Katy.COBA@oregon.gov>; CHEANG Sophorn * GOV <Sophorn.CHEANG@oregon.gov>; EDLUND Tina * GOV <Tina.EDLUND@oregon.gov>; ROMAN Linda * GOV <Linda.ROMAN@oregon.gov>
Cc: MACDONALD Thomas * DAS <Thomas.MACDONALD@oregon.gov>; ANDREW Jennifer J * GOV <Jennifer.J.ANDREW@oregon.gov>; OGAN Sadie L * GOV <Sadie.L.OGAN@oregon.gov>; BENSON Coline * GOV <Coline.BENSON@oregon.gov>
Subject: CONFIDENTIAL Oregon Health Authority appeal memo
Importance: High

Good morning

Attached are the documents for Oregon Health Department appeal meeting on 11/1/18 2:30p – 3:30p.

The appeal memo is not to be shared with the agency, and is an internal document only.

Thank you,
Kim

Kim Wisdom

Executive Assistant to George Naughton and Kate Nass

Chief Financial Office

503-378-5087

kimberley.wisdom@oregon.gov

STATE OF OREGON

INTEROFFICE MEMO

DEPARTMENT OF ADMINISTRATIVE SERVICES

DATE: October 26, 2018

TO: George Naughton, CFO
Kate Nass, Deputy CFO

FROM: Tom MacDonald

SUBJECT: 2019-21 Budget Appeal – Oregon Health Authority

POINTS FOR DISCUSSION

The Oregon Health Authority (OHA) is appealing a total of \$946.5 million, of which \$240.6 million is General Fund, and 241 positions (174.52 FTE). These amounts represent most of the analyst's recommended General Fund reductions and the policy packages not supported in the recommendation. Apart from these totals, the agency also appeals the recommended transfer of \$70 million from the Public Employees' Benefit Board (PEBB) to the General Fund and a proposed increase on tobacco taxes, which was not incorporated into the analyst recommended budget. Notably, OHA did not appeal the analyst's recommendation to eliminate the Graduate Medical Education program ("non-leveraged" component), which impacts 11 teaching hospitals.

In response to the appeals, the analyst recommends restoring some of the reductions and supports several policy packages if funds can be identified. The analyst makes no recommendation on three fee proposals pending decisions on legislative concepts and due to the need for further policy considerations.

The major points for discussion are as follows:

- **OHA's Budget Risk:** In both 2018 and 2019, OHA missed its 3.4 percent annual inflation target for coordinated care organization (CCO) rates. For 2018, the statewide average rate increased by 5.3 percent compared to the previous year and then increased by 5.1 percent in 2019. In OHA's December 2018 rebalance, the agency will request an additional \$28.9 million General Fund and \$149.4 million in federal matching funds for increased costs in the Oregon Health Plan (OHP) beyond what the current budget supports. Overall, the current rebalance plan will request an agency-wide General Fund increase of \$96.8 million, which ranges from small administrative requests to large budget problems identified in OHP and the Oregon State Hospital. The agency intends to fund these General Fund increases with \$101 million in General Fund savings from increased health care provider revenue and caseload decreases.

Although some of the cost increases are presumed to be one-time in 2017-19, the increased CCO rates pose a risk because the 2019-21 budget is predicated on OHA meeting its 3.4 percent based on the *original* estimated rates for 2018 and 2019. Moreover, the \$101 million

in General Fund savings recognized in 2017-19 could have been used to help fund other priorities of the Governor's if OHA did not need to leverage it in its rebalance (assuming decisions allow the rebalance to move forward as is).

These issues should be kept in mind when considering OHA's 2019-21 budget appeals, which are mostly focused on adding state staff – 241 positions in total. Yet because a significant budget risk exists for spending outside of the agency, i.e. the rates CCOs receive for managing OHP services, the analyst recommends priority be given to the agency's requests based on the degree to which the requested positions could truly help lower costs and advance effective treatment models. To the extent the agency's General Fund budget is increased for on-going state employee expenses, less money may be available to resolve potential problems arising from downstream costs.

- **Revenue Package:** Achieving OHA's General Fund target is largely dependent on the revenue package recommended by the Governor's workgroup. OHA does not appeal the analyst's recommendation to increase the OHSU contribution for the Oregon Health Plan by \$50 million or the proposed two percent prescription drug wholesale tax, which the analyst recommends as a critical add-back. Additionally, the proposed Subsidized Employer Assessment might be able to be reconfigured to generate more than the currently assumed \$100 million in new revenue. While this conversation continues, the recommendations below assume the current revenue estimate remains unchanged.

Also, now that the recommendations for the insurance premium tax, employer assessment, and tobacco tax proposals have taken shape conceptually, more work and decisions still need to occur regarding implementation if these proposals move forward. Implementing the cigarette tax increase, for instance, faces a challenge in terms of amending the current tax law to ensure the existing tobacco tax distributions are not negatively impacted by a tax increase while also ensuring additional state funds become available for OHP as anticipated. Additionally, questions remain regarding how, or if, Public Health Modernization should be funded through the proposed tax increase.

- **Administrative Reductions:** Over the course of multiple budget cycles, OHA has not proposed reduction options impacting its administrative spending. Virtually all of the agency's required 10 percent reduction list impacts funding for OHP benefits or other funding allocated to local communities for health-related services. In an effort to propose a breadth of reduction options, the analyst recommended budget eliminates 20 long-term vacant positions—13 of which have been vacant for between six and 12 months and seven of which have been vacant for more than 12 months. These changes save \$1.9 million General Fund.

OHA has appealed this recommendation and indicates five of the positions are now filled and six are in the recruitment process. These actions have evidently occurred in the past four weeks. Assuming some of the positions are no longer vacant, the analyst recommends restoring the eliminated positions and related funding and instead increasing the agency's 5 percent vacancy savings reduction by \$1 million. OHA agrees with this alternative reduction.

ITEMS BEING APPEALED

1. **Tobacco Tax (package 406):** \$92,000,000 General Fund / Other Funds; 3 positions (2.25 FTE)

Recommendation: Recommended as modified

Discussion: This appeal addresses OHA’s proposal to increase tobacco taxes and dedicate 10 percent of the new revenue to tobacco and chronic disease prevention. A tobacco tax increase is also part of the recommendation from the Governor’s Medicaid workgroup, which proposes a \$2.00 per pack increase on cigarettes and extending the tax on “other tobacco products” to vaping. The additional revenue generated would be dedicated to OHP after reserving 10 percent for Public Health *and* holding the existing tobacco tax allocations harmless. Assuming a December 1, 2020 start date, the total estimated increase in new revenue is approximately \$136 million, of which \$27 million must be discounted to hold the existing distributions harmless and \$14 million reserved for Public Health, which leaves approximately \$95 million for OHP.

The analyst recommends including the \$95 million in additional tobacco tax revenue to help fund OHP. Instead of reserving 10 percent of the new revenue for public health prevention activities, the analyst recommends allocating this revenue, or some variation thereof, to help fund Public Health Modernization (POP 405).

If the 10 percent threshold were adopted, Public Health Modernization would receive an even higher level of tobacco tax revenue—\$48 million—over a 24 month period according to current estimates for the 2021-23 biennium.

Note: OHA’s appeal form does not accurately reflect the tobacco tax revenue estimates from the workgroup proposal.

2. **Health Care White Paper (packages 401-405, 409, 411, 416, 422):** \$56,865,905 General Fund; \$802,370 Other Funds; \$19,923,591 Federal Funds; 45 positions (41.12 FTE)

Recommendation: Recommended for approval if available revenue is identified to fund minimum level of requested positions

Discussion: The agency appeals all of its proposed policy packages aligned with the Governor’s health care agenda. To the extent funds are available, the analyst recommends supporting these priorities after ensuring critical buy-backs supporting core functions are funded. For any packages that are funded, the analyst recommends scaling down the number of positions to the minimum needed to carry out key objectives.

Also, policy package 405 supports the Public Health Modernization proposal at \$25 million, which is recommended to be funded through the tobacco tax proposal discussed above.

Note: OHA's appeal form does not precisely reflect the dollar and position impacts from these policy packages.

3. CCO Inflation (package 090): \$25,000,000 General Fund; \$94,339,623 Federal Funds

Recommendation: Not recommended

Discussion: This appeal would restore the analyst recommended reduction in annual CCO inflation from 3.4 percent to 3.1 percent. The appeal is not recommended for approval in an effort to continue decreasing the cost of health care and establish an aggressive benchmark for CCOs to achieve. However, given the higher than anticipated CCO rates in 2018 and 2019, this reduction should remain as an add-back consideration.

4. Quality Incentive Pool (package 090): \$22,234,023 General Fund; \$61,667,950 Federal Funds

Recommendation: Recommended as modified

Discussion: This appeal would restore a reduction in the amount of funding available for the Quality Incentive Pool program, which rewards CCOs for meeting health care quality benchmarks. The quality pool currently represents 4.25 percent of aggregate annual payments to CCOs. The analyst recommended reducing this to 3.25 percent.

The agency's appeal is recommended for approval to be consistent with the Governor's priority of paying for performance in the OHP. However, based on OHA's plan to decrease the pool by 0.75 percent in 2019, which will not be paid until the 2019-21 biennium, the amount to restore is likely less than \$22.2 million. At the time of this writing, OHA is still calculating the correct amount to restore to the budget.

5. Non-Medicaid Behavioral Health Backfill (package 413): \$9,132,500 General Fund

Recommendation: Recommended

Discussion: OHA's appeal would backfill declining tobacco tax and Tobacco Master Settlement Agreement funding available for Non-Medicaid Behavioral Health with General Fund. This request is similar to a different OHA appeal (item #7) to restore \$10.4 million General Fund in inflationary expenses eliminated in the analyst budget recommendation. The analyst recommends approving the OHA proposal to backfill declining tobacco revenue while maintaining the elimination of inflation in light of General Fund constraints.

Although these recommendations effectively hold this budget flat in comparison to the 2017-19 amount, a significant amount of additional state funds have been invested in Non-Medicaid Behavioral Health over the past several years. Most recently, the 2017-19 budget increased funding for Non-Medicaid Behavioral Health by \$17.7 million in one-time revenue available

from tobacco tax revenue OHA had not expended from the prior biennium. This amount of one-time revenue was shifted to General Fund in the agency's Current Service Level budget due to the understanding that the activities supported by the one-time revenue were to be on-going. This fund shift to the General Fund increased the on-going budget for Non-Medicaid Behavioral Health by more than the decline in tobacco revenue cited by OHA in its appeal. If additional state funds are ultimately needed to balance the budget, this recommendation should be revisited.

6. Continuation of Mental Health Funding (package 408): \$16,039,052 General Fund

Recommendation: Not recommended; propose statutory change instead of General Fund increase

Discussion: As a budget-saving measure in 2017-19, \$50.6 million in General Fund was reduced in the Non-Medicaid Behavioral Health budget due to new recreational marijuana tax revenue in the Mental Health Alcoholism and Drug Services Account. The \$50.6 million in General Fund savings was spread across the addictions and mental health components of the budget in accordance with those programs' available General Fund dollars. These adjustments resulted in a General Fund reduction of \$34.6 million in addiction services and \$16 million reduction in mental health services—all offset by the available marijuana revenue. However, it was later determined that state law authorizes the marijuana revenue in the account to be used only for certain addiction services and are not flexible enough to be used for mental health services, which resulted in a \$16 million shortfall in mental health funding.

To resolve this issue in 2017-19, Senate bill 1555 (2018) authorizes the use of funding from the Mental Health Alcoholism and Drug Services Account for both addiction and mental health services. This bill sunsets on July 1, 2019, which means funds in the account can only be used for addiction service in 2019-21 and beyond. If current law stands, the mental health budget will experience a \$16 million shortfall compared to its 2017-19 level of funding and, likewise, the addictions budget will experience a \$16 million increase due to the requirement for revenue in the Mental Health Alcoholism and Drug Services Account to be used only for addiction services.

OHA submitted package 408 to backfill the \$16 million loss of marijuana tax revenue available for mental health with General Fund. The analyst does not recommend the General Fund backfill for approval and instead recommends to eliminate the sunset included in Senate Bill 1555 (2018). There is currently no legislative concept proposed for this purpose, but the sponsor of Senate Bill 1555 (Sen. Steiner Hayward) has indicated she would again sponsor a bill to eliminate the sunset. Although a carrier for this action may be available in the legislature, the analyst recommends further discussion to confirm this policy change is desired.

7. Non-Medicaid Behavioral Health Inflation (package 090): \$10,445,264 General Fund

Recommendation: Not recommended

Discussion: This appeal would restore the elimination of standard and medical inflation for Non-Medicaid Behavioral Health. This request is not recommended for approval given the analyst's separate recommendation to backfill declining tobacco revenue with General Fund (item #5).

8. Dental Services (package 090): \$5,973,817 General Fund; \$45,713,075 Federal Funds

Recommendation: Recommended

Discussion: This appeal would restore a recommended elimination of certain adult dental services covered by the Oregon Health Plan, including crowns, dentures, scaling, and root planning. The analyst recommends this reduction as a critical buy-back in order to preserve health care benefits.

9. PEBB Stabilization Fund (package 090): \$70,000,000 revenue transfer to the General Fund

Recommendation: Recommended as modified; revise revenue transfer amount as necessary to be consistent with a potential revision to the fund's target level based on further actuarial analysis

Discussion: OHA appeals the analyst's recommendation to transfer surplus reserves from the PEBB Stabilization Fund to the General Fund. OHA indicates that a higher balance in the PEBB Stabilization Fund may be needed in future years and that a transfer from the fund will result in a federal penalty. As an early estimate, OHA believes a \$50 million revenue transfer is more appropriate.

The recommended \$70 million transfer is based on the fund's current surplus of approximately \$90 million and assumes a federal penalty as high as 20 percent, which could be negotiated to a lower amount. Subsequent to this recommendation, PEBB's actuary is working to recalculate the estimated fund balance required once Moda transitions to self-insured status in 2019, which could reduce the fund's surplus balance. Questions also remain regarding how the proposed 2 percent insurance premium tax will be funded for PEBB's plans, as the current 1.5 percent tax is paid by the Stabilization Fund instead of through premiums.

Absent any alternative revenue sources, the analyst recommends transferring the surplus balance to the General Fund after the revised actuarial analysis has been completed.

10. Dual Eligible / Intensive Services (package 090): \$5,480,388 General Fund; \$9,468,099 Federal Funds

Recommendation: Not recommended

Discussion: The 2017-19 OHA budget includes funds to support one-time transitional costs related to the 2017 renewal of the state's Medicaid demonstration waiver. Previously, individuals who were dually eligible for both Medicare and Medicaid were placed in fee-for-service (FFS) with the option of opting in to CCO services. Under the renewed waiver, these individuals are placed in CCOs with the option of opting out at any time. This action resulted in one-time costs related to the timing of funding for CCOs versus FFS costs as more dual-eligible individuals receive services through CCOs. The renewed waiver also moved certain intensive services provided to children to CCOs, resulting in a similar timing issue.

The analyst recommended budget removed these funds, which is consistent with the one-time designation of these funds approved in the agency's 2017-19 budget. OHA indicates this one-time funding is now half of what the actual costs are and that the transition of these populations to CCOs will continue into the 2019-21 biennium. Due to budgetary constraints and the one-time nature of the transition, the analyst does not recommend the appeal for approval. Ultimately, the members who transition to CCOs should cost less as opposed to under the FFS model. As these savings accrue, OHA can use them to support the remaining transitional costs.

11. Integrated Eligibility / Medicaid Eligibility Project (package 201): \$671,490 General Fund; \$9,589,123 Federal Funds

Recommendation: Recommend for approval in consistency with the recommendation in the DHS budget

Discussion: This package requests funding to continue supporting the ONE Integrated Eligibility and Medicaid Eligibility (ONE IE & ME) project to integrate the caseload eligibility systems used for several programs administered by the Department of Human Services and the new eligibility system for Medicaid. A corresponding request of \$19.3 million General Fund is included in the DHS budget to support its share of the project.

The OHA portion of the request would support converting four limited-duration positions to permanent full-time to satisfy the agency's understanding of federal expectations to provide system oversight and for additional program support. The request also includes funds for on-going maintenance and operation costs. The analyst recommends approval of the request in concept in light of this request being recommended for approval in the DHS budget. However, the analyst defers to the OSCIO regarding importance of converting the limited-duration positions to permanent full-time in OHA. If these limited-duration positions are not "mission critical," the analyst does not recommend them for approval due to budgetary constraints.

12. December E-Board – Ombudsman Positions (package 095): \$1,052,778 General Fund; \$92,116 Other Funds; \$171,080 Federal Funds; 6 positions (6.00 FTE)

Recommendation: Not recommended

Discussion: OHA proposes six new positions in 2017-19 to provide ombudsman services to individuals eligible for medical assistance programs (Medicaid and Non-Medicaid). The agency currently has one position responsible for this function. OHA intends to submit a request for the December 2018 Emergency Board to begin funding the positions in 2017-19, with this appeal requesting funding for the Governor’s 2019-21 budget.

The analyst does not recommend approval at this time until available resources are identified for this function. Additionally, should this function be determined to be an investment priority of the Governor, the analyst recommends exploring a scaled-back approach by supporting fewer ombudsman positions and/or narrowing their focus to Medicaid services in order to match additional federal dollars and reduce the amount of required state support.

13. Aid and Assist Misdemeanor Defendants (package 410): \$7,612,914 General Fund

Recommendation: Recommended to the extent sufficient funds are identified

Discussion: This package is tied to OHA’s legislative concept 383, which would require misdemeanor mental health patients to be evaluated and treated in the community unless a certified evaluator determines the person needs hospital level of care. This change would help curb the number of Aid and Assist patients sent to the Oregon State Hospital for low level misdemeanors. The requested funding would support these patients in intermediate levels of care in community settings. Costs include residential service payments, room and board, and personal incidental funds.

This request is recommended for approval if funds can be identified and prioritized given the on-going problems with Aid and Assist patients being placed in the State Hospital when they would be more appropriately treated in the community if beds were available. This request could be scaled down and should be tied to a commitment by OHA to recognize savings the hospital achieves by decreasing its Aid and Assist population.

14. Medicaid Management Information System Modularity (package 202): \$763,469 General Fund; \$1,893,331 Federal Funds; 5 positions (5.00 FTE)

Recommendation: Recommended as modified

Discussion: This package includes funding to continue OHA’s work to plan for modular solutions for its Medicaid benefits system. This project relates to a federal requirement by the Centers for Medicare and Medicaid for states to shift from the reliance on single system solutions and instead establish renewable, componentized solutions to support Medicaid

claims and payments. The requested funding would support five new positions. A corresponding request of \$405,909 General Fund is included in the DHS budget due to the shared services relationship between the two agencies.

If this request is supported by OSCIO, the analyst recommends funding—at most—three of the five requested positions in OHA. The two positions not recommended for approval reflect the agency’s request to convert two existing limited-duration positions to permanent positions to support more general activities outside the scope of the modularity project, such as Secretary of State audit compliance, change orders for the ONE IE/ME project, and data analysis.

15. Elimination of Long-Term Vacancies (package 090): \$1,956,973 General Fund; 20 positions (18.75 FTE)

Recommendation: Recommended as modified

Discussion: The agency’s appeal would restore the analyst’s recommendation to eliminate 20 positions that have been vacant at least six months. These positions are not direct care or management level and are not assigned to the Oregon State Hospital, which currently relies on vacant positions to manage staffing challenges. The agency indicates that five of the positions are now filled, one is being abolished as part of a reclassification package, and six are in some stage of the recruitment process. The hiring updates have occurred within the past four weeks.

Based on additional discussions with OHA, the analyst recommends restoring the 20 positions and \$900,000, and instead recommends to increase the agency’s 5 percent vacancy reduction by \$1 million.

16. Protect, Modernize, Strengthen Information Technology (package 205): \$3,8706,184 General Fund; \$11,106,795 Other Funds; \$730,857 Federal Funds; 40 positions (40.00 FTE)

Recommendation: Not recommended unless prioritized by OSCIO and available funding is identified

Discussion: This request supports additional positions in the OHA/DHS Office of Information Services for four functions: 1) improve service delivery by increasing support for the Child Welfare system; 2) increase IT security; 3) improve data analysis and quality by creating a testing and data analytics team; and 4) strengthen maintenance and operations support and establish a “Quick Hit” team to provide a more responsive turn-around time to customer needs.

The analyst defers to OSCIO’s input on this proposal and recommends funding only those positions identified as critical given limited resources and other investment priorities identified for health care.

17. Rebalance – 3 positions in Health Systems (package 095): \$588,138 General Fund; \$112,691 Federal Funds; 3 positions (3.00 FTE)

Recommendation: Not recommended

Discussion: As part of its December 2018 rebalance, OHA requests three positions to do the following: 1) one position to serve as a Medical Review Coordinator to review prior authorization requests for the Oregon Health Plan and other specialized clinical requests; 2) one position to develop and implement a behavioral health quality improvement plan and process; and 3) one position to support work being done on the Oregon Performance Improvement Plan, which relates to corrective action Oregon is taking in response to concerns raised by the U.S. Department of Justice regarding state mental health services. OHA has already moved forward in the hiring process to fill all three positions in 2017-19.

The analyst does not recommend approval of the request as a result of limited resources available for this purpose and in light of other priorities identified as part of the Governor's health care agenda. Should funds become available, the analyst recommends funding these positions after higher priorities have been funded.

18. MOTS/COMPASS System Modernization (package 414): \$6,739,793 General Fund; 2 positions (1.76)

Recommendation: Recommended for approval if supported by OSCIO and funds are identified for this purpose

Discussion: This request would help fund the replacement of OHA's Non-Medicaid Behavioral Health data and reporting system. Given the importance of this system, the analyst recommends approval if the project plan is also supported by OSCIO and if funding is available for this purpose.

19. Safety, Patient Care, and Regulatory Compliance (package 412): \$1,392,453 General Fund; 66 positions (5.28 FTE)

Recommendation: Not Recommended

Discussion: This package addresses patient and staff safety at the Oregon State Hospital and aims to improve retention issues with direct care staff. First, the package supports six additional staff for the hospital's final phase of the Collaborative Problem Solving (CPS) patient and staff safety program, which the hospital has been implementing with existing resources. The package would also convert 60 limited-duration nursing float pool staff to permanent positions. The limited-duration positions are currently funded with vacancy savings, which the hospital would use to fund the permanent positions. The purpose of

transitioning these positions to permanent status is to provide a path for some of these staff to be retained as full-time staff and improve continuity of patient care.

The analyst does not recommend providing additional funds to support the CPS program, since this program was initiated by the hospital within its existing resources. While the analyst supports using a float pool, the analyst does not support permanently establishing positions. This request was approved about four years ago and the hospital absorbed these positions into units. The practice of administratively establishing Limited Duration positions has worked over the past years.

20. Rebalance – Increase Human Resources FTE (package 095): \$44,429 General Fund; \$3,793 Other Funds; \$5,958 Federal Funds; 0 positions (0.36 FTE)

Recommendation: Not recommended

Discussion: As part of its December 2018 rebalance, OHA requests to increase an FTE within its Office of Human Resources to support compliance with the state’s pay equity law, as well as several other functions, including employee engagement, program analysis, and strategic planning.

The analyst does not recommend this request for approval since these functions should be supported within the agency’s existing administrative resources and since no statewide budget decisions have been made regarding the implementation of the pay equity law.

21. Fee Change – Drinking Water Services (package 418): \$1,853,297 Other Funds; 5 positions (5.00 FTE)

Recommendation: Pending decisions on legislative concept 386

Discussion: This package corresponds to OHA’s legislative concept 386, which revises drinking water fees paid by local utilities, cities, and other entities to support increased regulation of public drinking water systems. During the September 2018 Emergency Board, the legislature approved two positions to support this effort in 2017-19—one limited-duration position and one permanent full-time position, both of which are funded by General Fund. If the 2019-21 fee proposal is approved, the limited-duration position, as well as four new positions, will be funded by the new fee revenue. The permanent full-time position approved in 2017-19 is planned to continue being funded by General Fund regardless of the outcome of the fee proposal.

The analyst’s recommendation is pending decisions on legislative concept 386.

22. Fee Change – Food, Pool, and Lodging Programs (package 419): \$64,450 Other Funds

Recommendation: Pending decisions on legislative concept 387

Discussion: This package corresponds to OHA’s legislative concept 387, which increases public health inspection fees paid by food service facilities, public pools/spas, and tourist accommodations. Much of this regulation is delegated to local public health authorities (LPHAs), who have the authority to adjust their fees above/below the statutory level within certain parameters. There are two key elements of the proposal: 1) LPHAs must get permission from OHA if they raise their fees to greater than 20 percent of the statutory levels; and 2) unlike LPHAs, OHA must abide by the statutory fee levels for the regulatory functions it performs. This second point has become more important due to Wallowa County recently returning its public health authority status to OHA, which results in a cost increase to OHA. Part of this cost increase has been funded in the analyst recommended budget. This fee increase would help OHA cover its costs for regulating food, pool, and lodging businesses. Also, the current fees charged by LPHAs are now above the 20 percent threshold and the fee proposal intends to align the statutory fees with the fees already being charged, thereby reducing the need for LPHAs to request approval for future fee adjustments until they again surpass the 20 percent threshold.

The analyst recommendation is pending decisions on legislative concept 387.

23. Local Public Health Revenue Shortfall (package 417): \$5,480,601 General Fund

Recommendation: Recommended

Discussion: As a budgetary savings measure, the 2015-17 budget converted General Fund support for local public health authority (LPHA) pass-through funding to available fee revenue from the Oregon Medical Marijuana Program. This revenue has since declined significantly—decreasing by over 34 percent since 2016—and the Public Health Division is no longer able to fund LPHAs at the current level. The legislature included a General Fund increase of \$12.1 million in 2017-19 to mitigate the decline in OMMP revenue and this package requests to backfill additional declines in revenue with General Fund.

The analyst recommends this request for approval if available resources can be prioritized for this purpose given the impact on local public health programs.

24. Provider Time Capture (package 207): \$1,276,284 Other Funds

Recommendation: Not recommended for consistency with the recommendation in the DHS budget

Discussion: This package supports OHA's shared services costs for a project in DHS to implement a time, attendance, and payment system for home care workers and personal support workers. The cost in the DHS budget is \$2.4 million General Fund.

The analyst defers making a recommendation on this request pending decisions on the DHS budget.

25. Fee Change – Toxic Free Kids Program (package 420): \$111,511 Other Funds

Recommendation: Pending statewide decisions on fee proposals

Discussion: This package provides Other Funds expenditure limitation for the establishment of a new Toxic Free Kids Program waiver application fee through the administrative rules process. This program administers statutory requirements related to manufacturers of children's products containing hazardous chemicals of concern for children's health. These manufacturers are required to report the use of such chemicals to OHA and eventually remove the chemical from the product or seek a waiver. The program has already established other fees to support its regulatory costs, but has not established a waiver application fee.

Although this fee adjustment does not require a statutory change, the analyst does not make a recommendation at this point given the need to further discuss the potential implications of this proposal given the political and stakeholder sensitivities regarding fees in this program.

26. PEBB/OEBB Benefit Management System Replacement (package 421): \$1,806,102 Other Funds; 4 positions (4.00 FTE)

Recommendation: Recommended

Discussion: This package supports planning costs related to the replacement of the benefit management systems used by the Public Employees' Benefit Board (PEBB) and Oregon Educators Benefit Board (OEBB), which currently use separate systems. PEBB and OEBB both share a goal of implementing a centralized standard system to provide easier enrollment and better coordination of benefit management.

The analyst recommends approval of this request contingent on this recommendation being supported by OSCIO.

27. Centralized Abuse Management System (package 208): \$446,578 Other Funds

Recommendation: Recommended for approval consistent with the recommendation in the DHS budget

Discussion: This package provides Other Funds expenditure limitation for OHA's shared services costs for a corresponding DHS request to support ongoing maintenance, operations, and enhancements for its Centralized Abuse Management (CAM) system. The General Fund cost of this package in the DHS budget is \$3.5 million.

The analyst recommends approval for consistency with the recommendation in the DHS budget.

28. Oregon Buys (package 301): \$146,498 General Fund; \$546,064 Other Funds; \$58,942 Federal Funds

Recommendation: Pending statewide decisions regarding funding for Oregon Buys

Discussion: This package is part of an OHA/DHS request to support implementation and ongoing fees related to the Oregon Buys e-procurement project. The corresponding General Fund request in the DHS budget is \$209,374. Since the Oregon Buys project impacts multiple agencies, the analyst recommends deferring this request to statewide decisions on how the project should be funded.

29. Hepatitis C Treatment Expansion (package 415): \$39,000,000 General Fund; \$48,000,000 Other Funds; \$332,000,000 Federal Funds

Recommendation: Not recommended

Discussion: This package supports the expansion of OHP coverage for Hepatitis C treatment for patients with early stages of the disease. In the 2017-19 biennium, funding was provided to expand OHP coverage to treat Hepatitis C patients at fibrosis stages two through four. This package would further expand treatment for patients at all fibrosis stages.

The analyst does not recommend this request for approval given the lack of demonstrated need for additional funding. The analyst's budget recommendation already eliminates a six-month phase-in of funding approved for 2017-19 because it is not needed for the number of OHP members seeking treatment and in light of declining treatment costs. The level of funding requested for 2019-21 does not reflect declining prices and no data has been provided regarding the number of patients who might seek treatment at very early stages of the disease.

OTHER ANALYST RECOMMENDED ADJUSTMENTS

The analyst recommends making technical adjustments to Other Funds and Federal Funds expenditure limitation in relation to the Services and Supplies reductions and vacancy savings

adjustments, assuming these recommendations are preserved in the Governor's Recommended Budget. This recommendation reflects an informal request from OHA.

From: [Sarah Lochner](#)
To: [KORESKE Debbie * GOV](#); [MOLLER Mary * GOV](#)
Cc: [EDLUND Tina * GOV](#); [KLEIN Rosa * GOV](#); [STREETER Amira * GOV](#); [FINN Brendan * GOV](#); [LABAR James * GOV](#); [ROMAN Linda * GOV](#)
Subject: Governor's Recommended Budget Requests - Multnomah County
Date: Wednesday, October 31, 2018 12:08:34 PM
Attachments: [Multco 2019-21 GRB Requests.docx](#)

Dear Governor Brown and staff,

On behalf of Multnomah County Chair Deborah Kafoury, please find attached a letter in support of certain agency funding requests in the areas of health, human services, housing, and environmental quality.

Please let me know if you have questions or concerns. Thank you--

Best regards,
Sarah Lochner
Deputy Director
Government Relations | Multnomah County
cell: 503.507.7786
pronouns: she/her/hers



This email was encrypted for your privacy and security



Multnomah County Chair

501 SE Hawthorne Blvd., Suite 600

Portland, Oregon 97214

Phone: (503) 988-3308

Email: mult.chair@multco.us

October 31, 2018

Governor Kate Brown
900 Court Street, Suite 254
Salem, OR 97301

Dear Governor Brown,

Multnomah County Government applauds your leadership in health care, human services, housing, environment, education, transportation, and transparency. As we look ahead to the 2019 session and the Governor's Recommended Budget, we request your ardent support for the following state agency Policy Option Packages (POPs).

Oregon Health Authority (OHA)

401: Universal Family Linkages and Home Visiting. Multnomah County supports adding \$4 million General Fund to increase home visiting services statewide. This would allow increased emerging and/or culturally-specific home visits after birth, providing critical education and supports to at-risk families. There is a strong correlation between early intervention and improved health and well-being -- impacting the trajectory of a child's health and success in many areas across the life-span.

405: Public Health Modernization. Multnomah County supports a minimum of \$48 million General Fund for modernizing Oregon's public health system. As the world's population becomes more mobile, communicable diseases become more easily spread. It is critical that our state is equipped to stop the spread of preventable diseases. A modern public health system is also prepared to respond to emergencies, both man-made and natural. We need systems in place to protect the public's health from the impacts of earthquakes, floods, and other catastrophes. This funding request is critical to these efforts.

406: Increased Tobacco Tax to generate \$19 million toward chronic disease prevention and Oregon Health Plan funding. Oregon's tobacco tax is one of the lowest in the country despite data demonstrating higher taxes lead to decreased use. Multnomah county supports increasing the tobacco tax to prevent youth initiation, decrease health disparities and chronic disease over time, and improve health outcomes overall.

402: \$13 million Expansion of Behavioral Health Services. Multnomah County has documented 144 suicides for calendar year 2017 and so far 117 for 2018. No suicide is acceptable. As such, Multnomah County supports fully funding POP 402, \$5.6 million of which will be dedicated to implementing the Oregon Youth Suicide Prevention Plan, plus some efforts toward adult suicide as well. The remaining \$7.4 million is slated for Trauma Informed training in schools, which Multnomah County also fully supports. Kids need less punishment and more understanding from adults in positions of authority. Taking evidence-based practices in behavioral health and meeting kids where they are is how we will begin to improve graduation rates, impact mental health outcomes, and reduce criminal justice and other social program costs down the road.

410: Aid and Assist Misdemeanor Defendants \$8 million General Fund. Multnomah County has been working diligently the past four years to reduce the number of individuals we send to the Oregon State Hospital to be restored to mental competency so that they may stand trial - also known as "Aid and Assist" patients. We strongly support additional funds dedicated to community restoration programs. These programs have drastically lower costs and better outcomes, as they allow individuals to make social connections and get plugged into treatment where they live -- both of which are components of better long-term success. We generally support this POP but would like to see some flexibility to allow counties to be innovative and not be restricted to misdemeanors, as some felony crimes are non-violent and could be restored in the community.

In addition, you may know that tax revenues from recreational cannabis have exceeded all projections. During the 2017 legislative session, these tax revenues were used to backfill General Fund dollars in the mental health services budget. The intent of these dollars, as approved by the voters, was to increase the amount of funding in substance use treatment and prevention. Multnomah County requests that the cannabis tax revenue be allocated on top of existing prevention and treatment dollars, so that Oregon can serve more people and begin to make real progress in addiction recovery and prevention.

414: Procurement of expert contract services for a revised or new standardized reporting system for behavioral health services and outcomes. The existing reporting system, Measurement Outcome Tracking System (MOTS), has been largely ineffective since its inception. Data input is inconsistent across providers. Some data goes in, and limited outputs are reported back to counties. There are no outcomes reports provided, thus preventing any analyses for conclusions or actionable data. Multnomah County supports funding a functional system so that our Community Mental Health Programs can finally demonstrate the outcome data consistently requested by the legislature. Moreover, this is a key data element missing from health care transformation.

Department of Human Services (DHS)

101: Adults and People with Disabilities (APD) 100% Workload Model. This Policy Option Package proposes staffing case managers and related workload model positions at 100%

of the state's workload model. Multnomah County supports this POP as our top priority for Seniors and People with Disabilities. We serve 220,000 older adults, people with disabilities, and veterans, including 10,500 long term services and supports participants. Expanded eligibility has created an increased workload for staff and puts the safety of clients at risk. Manageable caseloads allow for thorough, human-centered case planning and ensures clients have the best care possible. This POP would add funding for Medicaid case managers, eligibility case managers, adult protective services and related support positions.

102: Intellectual and Developmental Disabilities (I/DD) 100% Workload Model. This funding would restore Community Developmental Disability Programs (CDDP), Brokerages, and Case Management Workload funding to 100%, and is our top priority for I/DD services. We currently serve over 5,700 clients and unlike other support services, I/DD services may span the entire lifetime. Our workforce has been struggling under increased workloads. Restoring funding in this area would ensure access to critical services to provide for the health, safety, and quality of care for individuals living with intellectual and developmental disabilities.

108: Additional Case Management Staffing. (See POP 101 above) The state's workload model for funding case management does not address changes that have occurred over the last several years related to federal and state policy changes. This POP would provide additional funding for case managers to address new workload requirements that fall outside of the current workload model.

125: Employment Related Day Care (ERDC). This POP to restore funding to ERDC will support low income working parents in their efforts to achieve financial stability and independence. This support is critical to keep children safe while their parents are at work.

126: Workforce Expansion and Development. Direct Support Professionals work with I/DD clients in institutional settings with the most severe needs. Office of Developmental Disability Services rate models were set in 2007 making it incredibly challenging to recruit and retain quality staff. Fully funding the updated rate model will assist with achieving a living wage for this critical workforce. The value we place on the lives of people living with I/DD is reflected in the status, value and respect we show the people we entrust to care for them in residential facilities. Additionally, the success of our I/DD clients and their ability to remain living in a safe placement is partially dependent on staff caring for them. We need to be able to recruit and retain quality staff and provide training and supports so that they and our clients are successful in their residential placements.

128: Family Caregiver and Community Support Initiative. This POP would provide services to unpaid family caregivers of individuals who are 55 years and older to support their family caregiving support and help reduce future need for more intensive services. Services would include respite care, training for family caregivers, home modifications and other supports.

129: Expand Support to Kids with Significant Needs. Children experiencing I/DD with the most intensive care needs are often inappropriately placed in expensive, highly restrictive environments or, if they are living at home, pose significant challenges to their family caregivers. Multnomah County values independence and supporting people to thrive at their highest potential. We support this POP that would allow a step-down foster system, appropriately expand residential group home capacity and expand the capacity in the waiver programs that support children with intensive medical needs in their family homes.

133: Intensive Employment Supports for I/DD. As you may know, there are workforce shortages in the services needed to help individuals with I/DD find and retain jobs in the community and there are still folks with I/DD working in sheltered workshops. This funding expansion would allow intensive supports to transition these individuals from segregated work environments to integrated community placements.

141: Gatekeeper Program Funding. This package would restore funding for the Gatekeeper program in Oregon. When state funding was lost, Multnomah County used County General Funds to continue the program locally. Programs that train employees to recognize signs of abuse of older adults and people with disability give the community tools to help our most vulnerable and refer them to appropriate services for help. We support restoring this program so the service can be offered statewide.

Support Oregon Project Independence (OPD) Funding Request. OPI is listed as a possible reduction from Aging & People with Disabilities. This program is vital in supporting older adults and people with disabilities who live at home and are pre-Medicaid eligibility from needing to use more costly and less preferred nursing facility services.

Oregon Housing and Community Services (OHCS)

Multnomah County supports any and all funding increases to develop new, affordable housing; to assist with barrier removal to help people acquire or keep their housing; and to help link people to additional services to help them get on firm financial footing. In addition, we would like to see a sizeable increase in Permanent Supportive Housing and the services that accompany it for individuals living with mental illness. Lastly, we urge you to keep the 2017-19 General Fund allocations to the Emergency Housing Assistance (EHA) and State Homeless Assistance Program (SHAP). Multiple industry reports have stated that Portland is the 12th most expensive rental market in the country, and rents are forecasted to increase 6% or more in the coming year. Meanwhile, tenants are receiving large rent increases -- some as high as 100% -- and entire buildings are receiving no-cause eviction notices. EHA is one of the most flexible housing resources we have to serve families in a housing crisis and provides essential short-term help to prevent families from losing their housing and becoming homeless.

Department of Environmental Quality (DEQ)

The creation of the Cleaner Air Oregon program is a monumental step forward for the state,

implementing a health-based air toxics program that will increase transparency and decrease exposure to harmful air pollution for all Oregonians. Under your administration the state is making real strides to help ensure that everyone in our state is able to breathe clean air. There is still work ahead, particularly when it comes to curbing emissions from area sources like wood stoves and mobile sources like cars and trucks. As such, Multnomah County would like to see your budget include the following DEQ requested POPs:

114: Reduce Wood Smoke Pollution. Wood smoke is the largest source of toxic polycyclic aromatic hydrocarbons in the Portland Metro region and particulate matter from wood burning threatens to push the Portland Metro area out of compliance with federal Clean Air Act standards. These funds would serve to support and enhance fledgling efforts to educate the public and establish woodstove change-out programs that will help to eliminate this problem.

POP 116 - Eliminate Air Quality Permit Backlog. This service is vitally important to both regulated entities and the public. The state has air quality permits that have not been renewed in over 20 years, and the permit system is not available for the public to view online. This will help to fix those issues and modernize the system.

POP 118: Maintain Effective Vehicle Inspection Service. Cars and trucks are the single largest source of air pollution in the Portland Metro area. The Vehicle Inspection Program has been a key factor in reducing pollution from these sources and helping the region maintain compliance with Federal air quality standards. Maintaining and strengthening this program is critical, particularly since the Portland metro area is experiencing increasing levels of ozone pollution, which is linked to increasing use of automobiles.

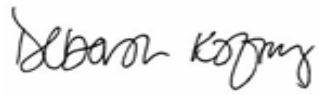
119: Implement the Air Toxics Permitting Program. Cleaner Air Oregon is the most important environmental achievement in Oregon within recent memory. Not since the implementation of Oregon land use laws has the state taken such an important step toward preserving and enhancing the quality of life for all Oregonians. Fully funding the program is the critical last step before the this program can take full effect.

134: Improve Statewide Emergency Response. DEQ receives over 2,000 incident notifications from the Oregon Emergency Response System each year and doesn't have adequate capacity to respond in full measure. When a significant spill occurs, emergency response action typically requires multiple DEQ staff for environmental analysis, planning, community liaison or logistical support. Depending on the size and complexity of the emergency, staff may be needed for days, weeks, or even months. As such, the agency quickly exhausts resources when dealing with multiple or long term events like the oil train fire in Mosier. Other emergency response agencies, such as Multnomah County, would benefit from DEQ having greater staff capacity to handle hazardous material releases and spills.

Thank you for consideration of our requests. We look forward to working with you and your

staff to further these funding and policy requests. Please let us know if I can be of further assistance.

Sincerely,

A handwritten signature in black ink, appearing to read "Deborah Kafoury". The script is cursive and fluid, with the first name "Deborah" written in a larger, more prominent style than the last name "Kafoury".

Deborah Kafoury
Chair

From: [MACDONALD Thomas * DAS](#)
To: [EDLUND Tina * GOV](#)
Subject: FW: Questions regarding pricing of a new unit opening in Junction City
Date: Thursday, November 1, 2018 11:42:32 AM

FYI – I'm not certain if this is a meeting you'd also like to attend regarding the new unit at Junction City. As part of my role for analyzing agency requests and drafting our E-Board write-ups, I often ask around 10,000 questions. Consequently, John is going to schedule a meeting the week of the 12th to discuss questions Linda Ames and I have. If you'd like to go, I can either forward you the invite or let John know to include you when he sets it up.

Thanks.

From: Swanson John A [<mailto:john.a.swanson@state.or.us>]
Sent: Thursday, November 01, 2018 10:20 AM
To: MACDONALD Thomas * DAS <Thomas.MACDONALD@oregon.gov>
Cc: WEHR Derek <derek.wehr@state.or.us>; MATTEUCCI DOLORES <dolores.matteucci@state.or.us>; EVANS JANELL R <janell.r.evans@state.or.us>; KELLY Kerry <kerry.kelly@state.or.us>; AMES Linda L <Linda.L.Ames@state.or.us>; STAPLES Roger <roger.staples@state.or.us>
Subject: Re: Questions regarding pricing of a new unit opening in Junction City

Thanks, we'll work to find a time we can get the group together at the hospital.

Sent from my iPhone

On Nov 1, 2018, at 10:06 AM, MACDONALD Thomas * DAS <Thomas.MACDONALD@oregon.gov> wrote:

That sounds good. My calendar is pretty open the week of the 12th if that works for everyone else. Thanks for your help.

From: Swanson John A [<mailto:john.a.swanson@state.or.us>]
Sent: Thursday, November 01, 2018 9:05 AM
To: MACDONALD Thomas * DAS <Thomas.MACDONALD@oregon.gov>
Cc: WEHR Derek <derek.wehr@state.or.us>; MATTEUCCI DOLORES <dolores.matteucci@state.or.us>; EVANS JANELL R <janell.r.evans@state.or.us>; KELLY Kerry <kerry.kelly@state.or.us>; AMES Linda L <Linda.L.Ames@state.or.us>; STAPLES Roger <roger.staples@state.or.us>
Subject: Re: Questions regarding pricing of a new unit opening in Junction City

Hi Tom - I'll get a response too you soon, but we think it would be a good idea if we met on this issue. I'm out next week so looking at the week of the 12th for a meeting with you and Linda. Will that work for you?

Sent from my iPhone

On Oct 31, 2018, at 5:30 PM, MACDONALD Thomas * DAS

<Thomas.MACDONALD@oregon.gov> wrote:

Thanks, John. That's helpful information about the positions. As for the on-going costs, that will be our working assumption until told otherwise, which means the \$14.1 million will be our estimate for what needs to be incorporated into the Governor's budget recommendation (assuming this is where the decisions land).

This is still a hard thing to wrap my mind around given how the caseloads have bounced around the last couple of years. Looking back, the Aid and Assist population at OSH was around the same level for a few months in 2016, then went down in 2017, and has now climbed back up. Of course, I can only view this at an OSH and statewide level.

Are you able to provide county-level data showing what the Aid and Assist and Civil Commitment populations have been over the last several months? Can you also show the county-by-county capacity and the number of beds full and/or vacant? If you don't have this data, are you able to describe in more detail where the problems are—we always seem to hear about Multnomah County—and what's going on in the community, for lack of better words?

Looking over the long-term, does opening the new unit change how you would spend the requested \$7.6 million in 2019-21 (POP 410)? And, how would you determine where to send the funding and what kind of guarantees would you expect to see in terms of counties treating more patients instead of sending them to OSH? Are you able to quantify this along the lines of the number of beds the \$7.6 million will buy and/or the number of patients who can otherwise be treated in the community instead of being admitted to OSH?

Sorry for all the questions. I don't want to speak for Linda's schedule, but it makes no difference to me if you respond in e-mail or would prefer to schedule a conference call or meeting.

Thanks again.

-Tom

Tom MacDonald
Policy and Budget Analyst
Chief Financial Office
Department of Administrative Services
503-586-6689

From: Swanson John A [<mailto:john.a.swanson@state.or.us>]

Sent: Wednesday, October 31, 2018 10:28 AM

To: MACDONALD Thomas * DAS <Thomas.MACDONALD@oregon.gov>

Cc: WEHR Derek <derek.wehr@state.or.us>; MATTEUCCI DOLORES
<dolores.matteucci@state.or.us>; EVANS JANELL R

<janell.r.evans@state.or.us>; KELLY Kerry <kerry.kelly@state.or.us>;
STAPLES Roger <roger.staples@state.or.us>

Subject: Questions regarding pricing of a new unit opening in Junction City

Hi Tom –

I've inserted responses to your questions in red font below. Please let me know if any follow-up or other questions.

Thanks.

John A. Swanson
OSH Chief Financial & Operating Officer
OREGON HEALTH AUTHORITY

From: MACDONALD Thomas * DAS <Thomas.MACDONALD@oregon.gov>

Sent: Monday, October 29, 2018 3:11 PM

To: STAPLES Roger <Roger.STAPLES@dhsosha.state.or.us>; AMES Linda L <Linda.L.Ames@state.or.us>

Cc: Heiberg Holly <HOLLY.HEIBERG@dhsosha.state.or.us>; Evans Janell R <JANELL.R.EVANS@dhsosha.state.or.us>; Swanson John A <John.A.SWANSON@dhsosha.state.or.us>; Kelsey Loren R <LOREN.R.KELSEY@dhsosha.state.or.us>; Holman Mitchell H <MITCHELL.H.HOLMAN@dhsosha.state.or.us>; SINGER Sara <Sara.SINGER@dhsosha.state.or.us>

Subject: RE: Aid and Assist Request Back-Up Information

Thanks, Roger.

In addition to this additional information, a couple of immediate questions come to mind:

1. Why are so many positions (61) needed for one 25-bed unit? Is this consistent with OSH's other staffing ratios for civil commitment patients? Or, are some of the positions also needed in Salem for moving Aid and Assist patients there? **This is the standard staffing configuration to operate a Civil unit with 24 X 7 X 365 nurse staffing, other clinical positions needed for increased patient census, and related support staffing for security, custodian, admin support, pharmacy, etc.. The pricing relates only to the Junction City campus. Given the turnaround time to prepare this pricing, we did not scrutinize the standard positions for new units for potential efficiencies/reduced support needs. I recently spoke with Kerry Kelly, Deputy Superintendent at Junction City, and we may be able to reduce or modify the mix of support positions somewhat to open this unit which may adjust the pricing some, but probably not significantly.**

2. There's a roll-up cost shown for 2019-21. Is my interpretation correct that opening the unit is assumed to be on-going and that \$14.1 million will need to be built into 2019-21 if this moves forward? In other words, is OHA asking for \$14.1 million to be included in the Governor's Recommended Budget? **Yes, that would be the assumption - in order to remain in compliance with the law around timely acceptance of Aid & Assist patients assigned by the courts, unless other actions were taken to provide mechanisms to control and limit Aid and Assist patient census at OSH. We have several Legislative Concepts geared to do this.**

I'm sure I'll have more questions later.

Thanks.

Tom MacDonald
*Policy and Budget Analyst
Chief Financial Office
Department of Administrative Services
503-586-6689*

From: STAPLES Roger [<mailto:roger.staples@state.or.us>]
Sent: Monday, October 29, 2018 2:46 PM
To: MACDONALD Thomas * DAS <Thomas.MACDONALD@oregon.gov>; AMES Linda L <Linda.L.Ames@state.or.us>
Cc: HEIBERG HOLLY <holly.heiberg@state.or.us>; EVANS JANEL R <janell.r.evans@state.or.us>; SWANSON JOHN A <john.a.swanson@state.or.us>; KELSEY LOREN R <loren.r.kelsey@state.or.us>; HOLMAN MITCHELL H <mitchell.h.holman@state.or.us>; SINGER Sara <sara.singer@state.or.us>
Subject: Aid and Assist Request Back-Up Information

Tom and Linda,

Attached is back-up information regarding the OSH Aid and Assist funding and position request.

Let us know if you have any questions.

Thank you.

Roger A. Staples
Deputy Budget Director

OREGON HEALTH AUTHORITY
Fiscal and Operations Division
Desk: 503 945-6498
Cell: 503 309-8265

From: [EDLUND Tina * GOV](#)
To: [MACDONALD Thomas * DAS](#)
Subject: RE: Questions regarding pricing of a new unit opening in Junction City
Date: Thursday, November 1, 2018 1:48:14 PM

If I can, I would be interested in attending. Can you ask John to work with Coline too? If my schedule is too difficult, go ahead without me. T

From: MACDONALD Thomas * DAS
Sent: Thursday, November 1, 2018 11:43 AM
To: EDLUND Tina * GOV <Tina.EDLUND@oregon.gov>
Subject: FW: Questions regarding pricing of a new unit opening in Junction City

FYI – I'm not certain if this is a meeting you'd also like to attend regarding the new unit at Junction City. As part of my role for analyzing agency requests and drafting our E-Board write-ups, I often ask around 10,000 questions. Consequently, John is going to schedule a meeting the week of the 12th to discuss questions Linda Ames and I have. If you'd like to go, I can either forward you the invite or let John know to include you when he sets it up.

Thanks.

From: Swanson John A [<mailto:john.a.swanson@state.or.us>]
Sent: Thursday, November 01, 2018 10:20 AM
To: MACDONALD Thomas * DAS <Thomas.MACDONALD@oregon.gov>
Cc: WEHR Derek <derek.wehr@state.or.us>; MATTEUCCI DOLORES <dolores.matteucci@state.or.us>; EVANS JANELL R <janell.r.evans@state.or.us>; KELLY Kerry <kerry.kelly@state.or.us>; AMES Linda L <Linda.L.Ames@state.or.us>; STAPLES Roger <roger.staples@state.or.us>
Subject: Re: Questions regarding pricing of a new unit opening in Junction City

Thanks, we'll work to find a time we can get the group together at the hospital.

Sent from my iPhone

On Nov 1, 2018, at 10:06 AM, MACDONALD Thomas * DAS <Thomas.MACDONALD@oregon.gov> wrote:

That sounds good. My calendar is pretty open the week of the 12th if that works for everyone else. Thanks for your help.

From: Swanson John A [<mailto:john.a.swanson@state.or.us>]
Sent: Thursday, November 01, 2018 9:05 AM
To: MACDONALD Thomas * DAS <Thomas.MACDONALD@oregon.gov>
Cc: WEHR Derek <derek.wehr@state.or.us>; MATTEUCCI DOLORES <dolores.matteucci@state.or.us>; EVANS JANELL R <janell.r.evans@state.or.us>; KELLY Kerry <kerry.kelly@state.or.us>; AMES Linda L <Linda.L.Ames@state.or.us>; STAPLES

Roger <roger.staples@state.or.us>

Subject: Re: Questions regarding pricing of a new unit opening in Junction City

Hi Tom - I'll get a response too you soon, but we think it would be a good idea if we met on this issue. I'm out next week so looking at the week of the 12th for a meeting with you and Linda. Will that work for you?

Sent from my iPhone

On Oct 31, 2018, at 5:30 PM, MACDONALD Thomas * DAS

<Thomas.MACDONALD@oregon.gov> wrote:

Thanks, John. That's helpful information about the positions. As for the on-going costs, that will be our working assumption until told otherwise, which means the \$14.1 million will be our estimate for what needs to be incorporated into the Governor's budget recommendation (assuming this is where the decisions land).

This is still a hard thing to wrap my mind around given how the caseloads have bounced around the last couple of years. Looking back, the Aid and Assist population at OSH was around the same level for a few months in 2016, then went down in 2017, and has now climbed back up. Of course, I can only view this at an OSH and statewide level.

Are you able to provide county-level data showing what the Aid and Assist and Civil Commitment populations have been over the last several months? Can you also show the county-by-county capacity and the number of beds full and/or vacant? If you don't have this data, are you able to describe in more detail where the problems are—we always seem to hear about Multnomah County—and what's going on in the community, for lack of better words?

Looking over the long-term, does opening the new unit change how you would spend the requested \$7.6 million in 2019-21 (POP 410)? And, how would you determine where to send the funding and what kind of guarantees would you expect to see in terms of counties treating more patients instead of sending them to OSH? Are you able to quantify this along the lines of the number of beds the \$7.6 million will buy and/or the number of patients who can otherwise be treated in the community instead of being admitted to OSH?

Sorry for all the questions. I don't want to speak for Linda's schedule, but it makes no difference to me if you respond in e-mail or would prefer to schedule a conference call or meeting.

Thanks again.

-Tom

Tom MacDonald
Policy and Budget Analyst
Chief Financial Office
Department of Administrative Services
503-586-6689

From: Swanson John A [<mailto:john.a.swanson@state.or.us>]
Sent: Wednesday, October 31, 2018 10:28 AM
To: MACDONALD Thomas * DAS <Thomas.MACDONALD@oregon.gov>
Cc: WEHR Derek <derek.wehr@state.or.us>; MATTEUCCI DOLORES <dolores.matteucci@state.or.us>; EVANS JANELL R <janell.r.evans@state.or.us>; KELLY Kerry <kerry.kelly@state.or.us>; STAPLES Roger <roger.staples@state.or.us>
Subject: Questions regarding pricing of a new unit opening in Junction City

Hi Tom –

I've inserted responses to your questions in red font below. Please let me know if any follow-up or other questions.

Thanks.

John A. Swanson
OSH Chief Financial & Operating Officer
OREGON HEALTH AUTHORITY

From: MACDONALD Thomas * DAS <Thomas.MACDONALD@oregon.gov>
Sent: Monday, October 29, 2018 3:11 PM
To: STAPLES Roger <Roger.STAPLES@dhsosha.state.or.us>; AMES Linda L <Linda.L.Ames@state.or.us>
Cc: Heiberg Holly <HOLLY.HEIBERG@dhsosha.state.or.us>; Evans Janell R <JANELL.R.EVANS@dhsosha.state.or.us>; Swanson John A <John.A.SWANSON@dhsosha.state.or.us>; Kelsey Loren R <LOREN.R.KELSEY@dhsosha.state.or.us>; Holman Mitchell H <MITCHELL.H.HOLMAN@dhsosha.state.or.us>; SINGER Sara <Sara.SINGER@dhsosha.state.or.us>
Subject: RE: Aid and Assist Request Back-Up Information

Thanks, Roger.

In addition to this additional information, a couple of immediate questions come to mind:

1. Why are so many positions (61) needed for one 25-bed unit? Is this consistent with OSH's other staffing ratios for civil commitment patients? Or, are some of the positions also needed in Salem for moving Aid and Assist patients there? **This is the standard staffing configuration to operate a Civil unit with**

24 X 7 X 365 nurse staffing, other clinical positions needed for increased patient census, and related support staffing for security, custodian, admin support, pharmacy, etc.. The pricing relates only to the Junction City campus. Given the turnaround time to prepare this pricing, we did not scrutinize the standard positions for new units for potential efficiencies/reduced support needs. I recently spoke with Kerry Kelly, Deputy Superintendent at Junction City, and we may be able to reduce or modify the mix of support positions somewhat to open this unit which may adjust the pricing some, but probably not significantly.

2. There's a roll-up cost shown for 2019-21. Is my interpretation correct that opening the unit is assumed to be on-going and that \$14.1 million will need to be built into 2019-21 if this moves forward? In other words, is OHA asking for \$14.1 million to be included in the Governor's Recommended Budget? **Yes, that would be the assumption - in order to remain in compliance with the law around timely acceptance of Aid & Assist patients assigned by the courts, unless other actions were taken to provide mechanisms to control and limit Aid and Assist patient census at OSH. We have several Legislative Concepts geared to do this.**

I'm sure I'll have more questions later.

Thanks.

Tom MacDonald
*Policy and Budget Analyst
Chief Financial Office
Department of Administrative Services
503-586-6689*

From: STAPLES Roger [<mailto:roger.staples@state.or.us>]
Sent: Monday, October 29, 2018 2:46 PM
To: MACDONALD Thomas * DAS <Thomas.MACDONALD@oregon.gov>; AMES Linda L <Linda.L.Ames@state.or.us>
Cc: HEIBERG HOLLY <holly.heiberg@state.or.us>; EVANS JANELL R <janell.r.evans@state.or.us>; SWANSON JOHN A <john.a.swanson@state.or.us>; KELSEY LOREN R <loren.r.kelsey@state.or.us>; HOLMAN MITCHELL H <mitchell.h.holman@state.or.us>; SINGER Sara <sara.singer@state.or.us>
Subject: Aid and Assist Request Back-Up Information

Tom and Linda,

Attached is back-up information regarding the OSH Aid and Assist funding

and position request.

Let us know if you have any questions.

Thank you.

Roger A. Staples

Deputy Budget Director

OREGON HEALTH AUTHORITY

Fiscal and Operations Division

Desk: 503 945-6498

Cell: 503 309-8265

From: ALLEN Patrick
To: EDLUND Tina * GOV; ROMAN Linda * GOV
Subject: Fwd: THIS WEEKS MISSION IS COMPLETE!
Date: Friday, November 2, 2018 4:15 01 PM

FYI

Pat

Sent from my iPhone

Begin forwarded message:

From: Allen Patrick <Patrick.Allen@dhsosha.state.or.us>
Date: November 2, 2018 at 4:12:44 PM PDT
To: "Matteucci Dolores (Dolly)" <DOLORES.MATTEUCCI@dhsosha.state.or.us>
Cc: Kautz Kristine M <KRISTINE.M.KAUTZ@dhsosha.state.or.us>, Jagger Dawn A <Dawn.Jagger@dhsosha.state.or.us>, Cowie Robb <ROBB.COWIE@dhsosha.state.or.us>, Heiberg Holly <HOLLY.HEIBERG@dhsosha.state.or.us>
Subject: Re: THIS WEEKS MISSION IS COMPLETE!

Well done!

Please pass in my thanks and compliments to the entire team

Pat

Sent from my iPhone

On Nov 2, 2018, at 3:33 PM, Matteucci Dolores (Dolly) <DOLORES.MATTEUCCI@dhsosha.state.or.us> wrote:

Hello,

It is with great pride in the OSH/OHA team that I share the following:

1. The Leaf 2 unit fully converted from a unit treating civil commitments to one that serves those under aid and assist order.
2. The 26 individuals awaiting admission to OSH on Monday morning were admitted.
3. OSH is back to admitting those requiring competency restoration within the seven day time frame.
4. We accomplished a total of 89 transfers and 35 (33 aid-and-assist) admissions in 5 days.
5. Staff and patients managed the week with great care and concern for one another, exceptional collaboration and focus.
6. Sarah Radcliff expressed appreciation for our transparency, collaboration and responsiveness.
7. Pat Allen set the stage for ongoing dialogue.
8. The OHA team once again demonstrated that we are indeed a single team and all came together to "get it done."

I want to express my appreciation to each of you for your gracious welcoming to the OHA team, your patient tutelage and your unwavering support! The professional support, that impacts me on a personal level is unprecedented in my career, and it means the world to me; confirming I joined an exceptional team. The support provided to the entire OSH team is also appreciated making the work environment more supportive, open and functional for all. MANY THANKS!!

Below is the admission list status as of Friday afternoon depicting our Aid and Assist orders and scheduled admissions since 9/25/18.

- The rows highlighted in green are patients that have been admitted to OSH or are scheduled for admission.
- The rows highlighted in yellow are patients that have not yet been scheduled for admission.

County	Date Signed	Date received	7th day	Number of days on admit list	Scheduled for admission
Marion	9/25/2018	9/25/2018	10/2/2018	13	10/10/2018
Multnomah	9/25/2018	9/26/2018	10/2/2018	14	10/11/2018
Multnomah	9/25/2018	9/26/2018	10/2/2018	14	10/11/2018
Multnomah	9/25/2018	9/26/2018	10/2/2018	14	10/11/2018
Washington	9/25/2018	9/26/2018	10/2/2018	14	10/11/2018
Marion	9/27/2018	9/27/2018	10/4/2018	13	10/11/2018
Columbia	9/28/2018	10/1/2018	10/5/2018	11	10/12/2018
Washington	10/1/2018	10/2/2018	10/8/2018	10	10/12/2018

Multnomah	10/2/2018	10/2/2018	10/9/2018	10	10/12/2018
Multnomah	10/2/2018	10/2/2018	10/9/2018	10	10/12/2018
Multnomah	10/2/2018	10/2/2018	10/9/2018	11	10/15/2018
Multnomah	10/2/2018	10/2/2018	10/9/2018	11	10/15/2018
Jackson	9/27/2018	9/27/2018	10/4/2018	18	10/16/2018
Coos	9/28/2018	9/28/2018	10/5/2018	17	10/16/2018
Clackamas	10/2/2018	10/3/2018	10/9/2018	13	10/17/2018
Multnomah	10/2/2018	10/2/2018	10/9/2018	14	10/17/2018
Marion	10/2/2018	10/3/2018	10/9/2018	13	10/18/2018
Lane	10/3/2018	10/3/2018	10/10/2018	13	10/18/2018
Deschutes	10/3/2018	10/4/2018	10/10/2018	12	10/18/2018
Washington	10/4/2018	10/4/2018	10/11/2018	12	10/18/2018
Deschutes	10/4/2018	10/5/2018	10/11/2018	13	10/19/2018
Marion	10/5/2018	10/9/2018	10/12/2018	9	10/19/2018
Umatilla	10/4/2018	10/4/2018	10/11/2018	15	10/22/2018
Coos	10/5/2018	10/8/2018	10/12/2018	11	10/23/2018
Springfield	10/8/2018	10/8/2018	10/15/2018	11	10/23/2018
Lincoln	9/26/2018				10/23/2018
Polk	10/8/2018	10/10/2018	10/15/2018	13	10/24/2018
Polk	10/5/2018	10/9/2018	10/12/2018	14	10/24/2018
Jackson	10/5/2018	10/9/2018	10/12/2018	14	10/25/2018
Josephine	10/8/2018	10/10/2018	10/15/2018	13	10/25/2018
Yamhill	10/10/2018	10/11/2018	10/17/2018	14	10/26/2018
Yamhill	10/11/2018	10/11/2018	10/18/2018	14	10/26/2018
Coos	10/9/2018	10/9/2018	10/16/2018	16	10/30/2018
Coos	10/11/2018	10/12/2018	10/18/2018	13	10/30/2018
Lane	10/12/2018	10/15/2018	10/19/2018	10	10/30/2018
Clackamas	10/15/2018	10/17/2018	10/22/2018	9	10/30/2018
Clackamas	10/15/2018	10/17/2018	10/22/2018	9	10/30/2018
Multnomah	10/16/2018	10/17/2018	10/23/2018	9	10/30/2018
Multnomah	10/16/2018	10/17/2018	10/23/2018	9	10/30/2018
Multnomah	10/16/2018	10/17/2018	10/23/2018	9	10/30/2018
Multnomah	10/16/2018	10/17/2018	10/23/2018	9	10/30/2018
Washington	10/16/2018	10/19/2018	10/23/2018	7	10/30/2018
Linn	10/16/2018	10/18/2018	10/23/2018	12	10/31/2018
Lane	10/17/2018	10/17/2018	10/24/2018	13	10/31/2018
Lane	10/17/2018	10/18/2018	10/24/2018	12	10/31/2018
Lane	10/18/2018	10/18/2018	10/25/2018	12	10/31/2018
Lane	10/22/2018	10/22/2018	10/29/2018	8	10/31/2018
Lane	10/25/2018	10/25/2018	11/1/2018	5	10/31/2018
Lane	10/26/2018	10/29/2018	11/2/2018	1	10/31/2018
Curry	10/24/2018	10/25/2018	10/31/2018	5	10/31/2018
Curry	10/24/2018	10/25/2018	10/31/2018	5	10/31/2018
Douglas	10/23/2018	10/23/2018	10/30/2018	7	10/31/2018
Umatilla	10/1/2018	10/26/2018	10/8/2018	4	11/1/2018
Josephine	10/10/2018	10/29/2018	10/17/2018	1	11/1/2018
Clackamas	10/18/2018	10/18/2018	10/25/2018	12	11/1/2018
Washington	10/16/2018	10/17/2018	10/23/2018	11	11/1/2018
Washington	10/18/2018	10/18/2018	10/25/2018	12	11/1/2018
Klamath	10/16/2018	10/18/2018	10/23/2018	12	11/1/2018
Klamath	10/24/2018	10/25/2018	10/31/2018	5	11/1/2018
Benton	10/24/2018	10/26/2018	10/31/2018	4	11/1/2018
Multnomah	10/16/2018	10/18/2018	10/23/2018	Removed and added again	11/1/2018
Jackson	10/17/2018	10/22/2018	10/24/2018	8	11/2/2018
Jackson	10/19/2018	10/23/2018	10/26/2018	7	11/2/2018
Jackson	10/11/2018	10/15/2018	10/18/2018	15	11/2/2018
Multnomah	10/23/2018	10/24/2018	10/30/2018	6	11/2/2018
Washington	10/26/2018	10/30/2018	11/2/2018	1	11/2/2018
Clatsop	10/29/2018	10/30/2018	11/5/2018	2	11/5/2018
Polk	10/29/2018	10/31/2018	11/5/2018	1	11/5/2018
Marion	10/29/2018	10/30/2018	11/5/2018	2	
Clackamas	10/29/2018	10/30/2018	11/5/2018	2	
Jackson	10/29/2018	11/1/2018	11/5/2018	0	11/8/2018 (transport issue)
Multnomah (365)	10/30/2018	10/31/2018	11/6/2018	1	
Multnomah (365)	10/30/2018	10/31/2018	11/6/2018	1	
Multnomah (365)	10/30/2018	10/31/2018	11/6/2018	1	
Multnomah (365)	10/30/2018	10/31/2018	11/6/2018	1	
Multnomah	10/30/2018	10/31/2018	11/6/2018	1	
Multnomah (365)	10/30/2018	10/31/2018	11/6/2018	1	
Multnomah (365)	10/30/2018	10/31/2018	11/6/2018	1	
Clackamas	10/30/2018	10/31/2018	11/6/2018	1	
Jackson	10/30/2018	10/31/2018	11/6/2018	1	
Washington (365)	10/31/2018	10/31/2018	11/7/2018	1	

Thank you and enjoy your weekend!
Dolly

From: [MACDONALD Thomas * DAS](#)
To: [EDLUND Tina * GOV](#)
Cc: [ROMAN Linda * GOV](#)
Subject: Talking Points / Notes
Date: Monday, November 5, 2018 10:31:25 AM
Attachments: [Talking points.docx](#)

Hi Tina – in case you find it helpful, attached are draft talking points and/or reminders for any questions asked during your presentation of the OHA recommendation. Much of this is redundant, but maybe it'll help a little (note: I'm admittedly weak on describing the Rural and Equity pieces).

I can add new items or change things around if you wish.

-Tom

Tom MacDonald
Policy and Budget Analyst
Chief Financial Office
Department of Administrative Services
503-586-6689

OHA's Budget Challenge

1. **General Fund Cost Growth:** At CSL, OHA's General Fund budget grew by over \$1 billion compared to the existing 2017-19 budget, which represents a 47% increase
2. **Why did General Fund grow at CSL?** General Fund increases at CSL due to changes in Federal Funds and Other Funds revenue that shift costs to the General Fund (as opposed to overall cost increases):

Issue	Cost to General Fund	Description
1) FMAP Decreases	\$442 million	ACA FMAP (\$203M), Base FMAP (\$163M), CHIP FMAP (\$76M)
2) Provider Tax Sunsets	\$308.3 million	Hospital 0.7% true tax - \$133.8M Insurance tax 1.5% - \$174.5M
3) OHP Inflation at 3.4%	\$71.1 million	Total GF cost for supporting inflation at 3.4%
4) Insufficient Other Funds to Support Inflation	\$125.1 million	Represents the inflationary costs that Other Funds should support, but the revenue is insufficient, which means the General Fund has to cover this expense

Where this Proposal Lands

1. **Comparison to CSL (General Fund):** Based on the assigned target, the General Fund budget represents a **26% decrease** (\$800 million) compared to the Current Service Level Budget
2. **Comparison to 2017-19 (General Fund):** Compared to the current 2017-19 budget, the proposal represents a **9% increase**.

What the Proposal Supports

1. **3.4% Inflation:** Maintains OHP cost growth at 3.4%
2. **OHP Benefits/Eligibility:** Preserves the existing level of OHP benefits and eligibility
3. **Quality Incentive Pool:** fully funds Quality Pool at 4.25% for calendar years 2020 and 2021; reduction of \$6.7 million reflects savings due to already announced reduction of 0.75% for calendar year 2019 in light of OHP rate increase beyond 3.4%
4. **New Investments (total of \$69.9 million General Fund):**
 - a. Supports all of the Health Care Agenda with a few modifications:
 - i. Intensive In-Home Behavioral Health Services and Home Visiting are funded at half of their target investment levels; both of these are being tracked as add-backs in the OHA budget box and Children's Cabinet/Addictions and Recovery budget box

- ii. Public Health Modernization is recommended to be funded by the Tobacco Tax proposal (10% of new revenue), which is \$13.6 million in 2019-21 if the tax increase takes effect December of 2020
 - b. **Other Key Investments (\$43.6 million):**
 - i. New unit at Junction City (\$7.1 million for 12 months) and related investment of \$7.6 million to expand community treatment of Aid and Assist population instead of sending them to the State Hospital
 - ii. Behavioral Health backfill: replaces declining tobacco revenue to maintain existing level funding for Non-Medicaid Behavioral Health
 - iii. Hepatitis C: increased support to treat patients at earlier stages
 - iv. Technology: three critical IT projects for both Medicaid and Behavioral Health
-

How the Proposal Reduces General Fund Costs

1. **New Revenue Proposals (\$707.5 million):** Aside from growth and phase-ins of existing revenue streams, the proposal includes:
 - a) **Medicaid Workgroup recommendations** – all of the workgroup’s recommendations for continuing/increasing the Insurance Tax at 2%; continuing the Hospital Assessment at 0.7% (non-true tax); new Subsidized Employer Assessment; and increased Tobacco Taxes (cigarettes and vaping)
 - b) **OHSU** – increases OHSU’s contribution by \$75 million
 - Under the current agreement, OHSU is estimated to contribute \$640 million in 2019-21 and receive back a total of \$874 million
 - Under the proposed \$75 million increase, OHSU would contribute \$715 million and receive back \$874 million
2. **Program Reductions (\$113.2 million):**
 - a) **Eliminate OHSU contingency reserve (\$64 million)** – savings of \$64 million (on-going, not one-time); this means OHA will not have a reserve safeguarding against unexpected decreases in OHSU revenue
 - b) **Eliminate GME (\$23.8 million)** – impacts 11 teaching hospitals (OHSU currently receives around half of this); program elimination results in loss of \$38.6 million Federal Funds
 - c) **Mental Health Inflation (\$10.4 million)** – reverses the \$10.4 million in inflation recognized at CSL for Non-Medicaid Behavioral Health (this amount is buried in the inflation amounts at top of summary)
 - d) **Other Adjustments (\$15 million)** – reverse funding approved as one-time to support Medicaid waiver costs related to Dual-Eligibles and Kids Intensive Services; eliminate Services and Supplies

inflation for select accounts; increase OHA's vacancy savings estimates (does not eliminate vacant positions)

3. **PEBB Stabilization Fund (\$50 million)** – one-time transfer of estimated surplus from PEBB Stabilization Fund to the General Fund
-

Buy-Backs

1. **Tied to Children's Cabinet / Addictions and Recovery:** Buy-backs to fully fund Intensive In-Home Services, Home Visiting, and Mental Health inflation are being tracked in the OHA budget box and Children's Cabinet / Addictions and Recovery budget box
 2. **GME** – impacts 11 teaching hospitals; OHSU would be impacted most
 3. **Local Public Health** – if \$5.5 million backfill does not occur, local public health authorities (i.e. counties) will be impacted
-

Other Key Talking Points / Reminders

1. **Rural / Urban:** variety of investments span rural/urban divide, include Home Visiting, Intensive In-Home Behavioral Health, Public Health Modernization, Oregon State Hospital Junction City, Hepatitis C treatment expansion
2. **Equity:** Insurance Premium, Subsidized Employer Assessment, and Hospital Assessment proposals are broad-based; funding of CCO 2.0 and other related POPs aim to support Social Determinants of Health and Equity
3. **Mental Health / A&D:** the Addictions and Recovery Agenda recommendations are being tracked and funded in a separate budget box along with the Children's Cabinet proposals
4. **Reliance on One-Time Revenue (\$56.7 million):** \$50 million transfer from PEBB and \$6.7 million savings for Quality Incentive Pool are one-time; note: the elimination of the OHSU contingency reserve is not one-time and will carry into future biennia
5. **Public Health Modernization:** If modernization is funded by 10% of new Tobacco Tax revenue, and estimated \$13.6 million will be provided in 2019-21 (7 months) and \$48 million in 2019-21 (24 months)
6. **Impact on OHSU:** OHSU is impacted through \$75 million increase in OHP contribution, elimination of GME, and elimination of contingency reserve (does not impact current revenue structure, but OHSU would probably prefer to have this money back if we weren't using it)

From: [ROMAN Linda * GOV](#)
To: [EDLUND Tina * GOV](#)
Subject: One Pagers for LCs
Date: Wednesday, November 7, 2018 10:42:54 AM
Attachments: [Behavioral Health Homes One Pager.docx](#)
[LC 368 MHCAG One Pager.docx](#)
[Public Health Modernization One Pager 9.14.18.pdf](#)
[LC 383 Aid and Assist One Pager.doc](#)

Hi Tina, I think out of all of these we will need more information on Public Health Modernization LC 390. Happy to track down more information on these.

Linda

Linda Roman, Deputy Healthcare Policy Advisor

Office of Governor Kate Brown
Somerville Building
775 Court Street NE
Salem, OR 97301

Mailing address:
900 Court Street NE, 254
Salem, OR 97301

Phone: 503-428-3524

Executive Assistant Coline Benson
Coline.Benson@oregon.gov

Oregon Health Authority Measure Summary

LC Number 364

Behavioral Health Homes

Concept: Behavioral Health Homes (BHH) are health homes for individuals with behavioral health conditions (mental health and/or substance use disorder). BHHs integrate physical health into behavioral health to provide effective person-centered care for individuals with complex needs. Like the Patient Centered Primary Care Homes (PCPCH), BHHs have specific criteria and standards. For Oregon, those standards were developed under SB 832; however, there was not funding to identify clinics, monitor or regulate BHHs. This concept would provide the funding for OHA to implement and monitor the BHH and would include BHHs in ORS 413.259, which requires OHA to establish a process to identify BHHs that meet the standards.

Need for Policy Change: The 2015 Legislature passed SB 832 which directed OHA to establish Behavioral Health Home (BHH) standards and to encourage CCOs to utilize BHHs. In the negotiations around this bill there was a desire to remove any fiscal impact, therefore, there was a decision to remove any requirement that OHA establish a process to identify clinics (as is the case for PCPCHs) that meet BHH standards. OHA worked with the PCPCH Standards Advisory Committee and developed standards for BHH, but there is no provision to use those standards to identify clinics that meet those standards.

Impact if Not Approved: Individuals with behavioral health conditions will continue to receive services in a fragmented system. The system will continue to struggle to provide primary care in behavioral health settings.

Facts:

- Sixty-eight percent of adults with mental health conditions have one or more chronic physical conditions.
- More than one in five adults with mental health concerns also have a co-occurring substance use disorder.
- Evaluation of other state's BHH programs have found they have reduced hospital admissions, reduced homelessness, decreased ER visits, reduced withdrawal management visits, and decreased arrests.
- A study of Oregon CCBHC and PCPCH clinics found that integrated care training helped reduce avoidable ED visits, integrated workflows helped

improve medication monitoring and integrated financing helped improve post-mental health follow-up and medication monitoring.

- Twenty eight percent of patients report having recently felt stigmatized by their primary care provider. Integrated care training, including trauma informed care and behavioral health is associated with reduced patient stigma.

Other Supporters: HB 4143 required a report to DCBS on substance use disorder treatment in Oregon. The *Report on Existing Barriers to Effective Treatment for and Recovery from Substance Use Disorders, Including Addictions to Opioids and Opiates* recommends the development and implementation of BHH and the adoption of BHH standards. Letters of support through CCO 2.0 from OPERA, ORPA, Cascadia Behavioral Health, Marion County Board of Commissioners, Children's Health Alliance, IHN CCO, Trillium CHP. Support from AOCMHP.

Fiscal Impact: \$762,750

BHH Application - Oregon Health and Science University (OHSU) is the contracted vendor that has developed the online application system for the Patient-Centered Primary Care Home Program. This application system could be expanded to include clinics applying for BHH certification. The cost estimate is based on the proposal from the OHSU contract to create the application system for the PCPCH program.

Three FTE to manage and oversee the program

Clinical Transformation Consultant (CTC) - A practicing behavioral provider who will conduct verification site visits with the compliance specialist and practice enhancement specialists. The role of the CTC is to provide a clinical and quality improvement based perspective on BHH transformation. Having a CTC participate in the on-site verification visit provides clinicians the opportunity to learn from a peer how to overcome barriers and foster progress in transforming their practices.

Timeline:

- January 1, 2020 – OHA staff hired
- March – August 2020 – Identify and begin stakeholder meetings
 - Recruit stakeholders that represent diverse behavioral health providers
 - CCBCH and PCPCH standards are starting point/for review
 - 90 days to put in OAR/RAC process
- January 1, 2021 – OHA begin accepting BHH applications (60 days OHA turnaround time for approval/denial)

-
- January 1, 2021 – CCO contract will encourage CCOs to contract with BHHs
 - Spring/Summer 2021 – first BHH recognized
 - Ongoing – OHA team will monitor the BHH programs and continue to accept applications for new BHH. Staff will provide TA ongoing.

Contact: Mike Morris (MICHAEL.N.MORRIS@dhsoha.state.or.us)

Oregon Health Authority Measure Summary

LC Number 368

Continues to support the ongoing development of medication treatment algorithms

Concept: This concept seeks to continue the development of evidence-based algorithms for the prescription drug treatment of mental health disorders. This would be accomplished by adding two workflow- enhancing measures to the statute: funding a permanent OHA coordinator for the MHCAG and decreasing the group's membership, but ensuring representation from entity providing psychiatric advice line. This concept also solidifies the participation of people of color as members of the MHCAG to be more reflective of Oregon's patient demographics and to ensure that multiple cultural perspectives around mental illness and its' treatment are considered for incorporation into any algorithms and treatment guidelines produced by the group.

Need for Policy Change: Without the statutory renewal of the Mental Health Clinical Advisory Group, the work of the group will cease on December 31, 2018, the date on which the original Act establishing the MHCAG expires. The legislative report is due by this date and will chronicle the progress of the group thus far. Due to the complexity of mental health disorders and their treatment, limited availability of the members of the all-volunteer MHCAG and the depth and volume of research reviewed to complete treatment algorithms, the MHCAG will be reporting its' substantial progress on one mental health disorder this year; schizophrenia. The one-year timeframe provided by the original Act was insufficient and work on other mental health disorders was not possible. Continuation of the MHCAG will allow the group to continue to develop treatment algorithms for other mental health disorders.

Additionally, continuation of the MHCAG will allow the group to continue to provide recommendations to OHA's Pharmacy and Therapeutics Committee and develop a reciprocal relationship with OHSU's Oregon Psychiatric Access Line (OPAL) to collaborate on the creation of future treatment guidelines. These guidelines can be accessed anywhere in the state by non-psychiatrist mental health providers (e.g, primary care physicians, nurse practitioners, physician's assistants) to provide Oregonian's with the most up-to-date evidence-based treatment when they cannot quickly access specialists due to geographic location or other systemic barriers.

Impact if Not Approved: Without the statutory renewal of the Mental Health Clinical Advisory Group, the work of the group will cease on December 31, 2018. The evidence-based algorithm for the prescription drug treatment of schizophrenia will be the only algorithm/treatment care guide created by the MHCAG. Updates to the algorithm as new scientific advancements emerge will not occur. This would leave those providers referencing the algorithm with outdated and substandard practice guidelines. Collaboration with OHSU's OPAL would not occur, and the Pharmacy and Therapeutics Committee would no longer receive needed recommendations from the MHCAG.

Facts:

- The MHCAG is nearing completion on an evidence-based algorithm for the prescription drug treatment of schizophrenia
- Schizophrenia is 1 of approximately 157 mental disorders contained in the American Psychiatric Association's "Diagnostic and Statistical Manual of Mental Disorders, Fifth Edition"
- Should the Act not be renewed, there will be no treatment algorithms for the remaining \approx 156 recognized mental disorders
- The statutorily mandated 1-year timeframe to develop treatment algorithms for multiple mental disorders was insufficient

Other Supporters: The National Alliance on Mental Illness, Oregon Chapter, the Oregon Health Sciences University- sponsored Oregon Psychiatric Access Line, Disability Rights Oregon

Fiscal Impact: Legislative approval would authorize an increase in the biennial budget from \$143, 888 to \$500,000 beginning July 1, 2019. Fiscal support would come from the General Fund.

Contact: Trevor Douglass, Amanda Parish

Oregon Health Authority Measure Summary

LC Number 0390

Public Health Modernization

Concept: This LC clarifies implementation of Oregon's public health modernization effort.

Need for Policy Change: In 2015 (HB 3100) and 2017 (HB 2310) the Oregon legislature directed the development of a public health system for the future. This LC reflects needed changes to statute based on the what OHA learned during the first transfer of local public health authority to OHA.

Impact if Not Approved: If this LC is not approved, OHA cannot negotiate an earlier transfer date with a local public health authority and will not be able to immediately appoint a Local Health Officer in the event that local public health authority is returned to OHA.

Facts:

- Oregon has been on a legislatively-directed path to modernize its public health system since 2013.
- The first instance in which a county government acted to transfer its local public health authority occurred in Spring 2018
- OHA captured lessons learned from this transfer. This LC represents minor statutory adjustments needed to address operational issues based on this first exercise of the transfer statute codified in HB 2310.

Other Supporters:

Fiscal Impact: No fiscal impact.

Contact: Katarina Moseley, Katarina.Moseley@state.or.us, (971) 255-6732

Oregon Health Authority Measure Summary

LC Number 383

Oregon State Hospital Aid and Assist (".370") Fixes

Concept: The Oregon State Hospital (OSH) has brought forth a number of proposals in an attempt to reduce the census of patients who have been referred to the state hospital under ORS 161.370 and ORS 161.365. The number of patients committed by courts under these statutes is at record highs, effecting the ability of the OSH to admit these patients within 7 days as required by a federal court order.

Need for Policy Change: In accordance with ORS 161.370, a court may commit a defendant to the custody of the superintendent of the state mental hospital if it is determined that the defendant lacks fitness to proceed; the court finds that the defendant is dangerous to self or others as a result of a qualifying mental disorder, or otherwise based on findings that services and supervision necessary to restore the defendant's fitness to proceed are not available in the community. Additionally, there is a federal court order in place that requires OSH to admit all ".370" patients within 7 days of their court orders. Due to a record high number of these types of patients, OSH is unable to continue to comply with this federal court order. LC 383 requests the following in an attempt to reduce the number of .370 orders to the state hospital:

- Amend ORS 161.365 and ORS 161.370 to include a community mental health consult requirement in .370 as well as .365. Adding this consultation in .370 would facilitate the referral of patients to the community instead of the OSH, if the person could be served in the community.
- Amend ORS 161.370 to require patients charged with only municipal violations to be evaluated and treated in the community.
- Amend ORS 161.370 to require misdemeanor patients to be evaluated and treated in the community, unless a certified evaluator (i.e., a forensically trained doctor who focuses on risks, etc.) determines that the misdemeanor needs a hospital level of care. More than 40% of OSH's .370 patients have been charged with only misdemeanors. This LC has a corresponding POP to fund services and placements in the community that would serve as a middle ground between the hospital and living independently in the community.
- Obtain a statutory requirement assigning a specific number of beds (or per capita percentage of beds) to each county and require counties to either pay for additional OSH beds or to "buy" those beds from other counties that are not using all of their allotted beds.
- Amend ORS 161.315 and 161.365 to make explicit that evaluatees sent to OSH under .315 and .365 are to be evaluated in a 1-day evaluation. After this evaluation, *at the hospital's discretion*, evaluatees will either be returned to the sending institution (typically jail), or will be hospitalized for up to 30 days. Further, for evaluatees kept in the hospital, we propose that the statute explicitly authorize

treatment. Currently, courts are interpreting the statute to mean a 30 day stay. Additionally, because the statute does not explicitly authorize treatment, delivery of treatment can be delayed until a separate court order authorizes it.

- Amend the statutes to explicitly state that any evaluation reports filed with a court must be shared with the applicable county community mental health program director or designee.
- Amend ORS 161.370 to make clear .370 patients charged with lesser offenses must receive credit for time they spent in jail before they are committed to OSH. This was the Legislature's intention with HB 2308 (2017), but a Multnomah County judge recently interpreted the statute to only apply after OSH has sent a .370 patient back to jail.

Impact if Not Approved: The state hospital will not be in compliance with the federal court order requiring admission within 7 days. The high census of .370 patients also effects the number of patients that may be admitted to other units, such as Guilty Except Insanity (GEI), civil commitments and Neuro-Gero.

Other Supporters: OHA and OSH have engaged a large group of stakeholders who support in part, including county mental health programs, district attorneys, public defense, the judicial department, sheriffs, the Attorney General's office, mental health providers and Disability Rights Oregon.

Fiscal Impact: None of the proposed policy changes would have a fiscal impact. If the proposal related to serving misdemeanants in the community moves forward, there is an associated POP of \$7.6 million to expand options in the community to serve this population.

Contact: Micky Logan, Legal Affairs Director, Oregon State Hospital

From: [MACDONALD Thomas * DAS](#)
To: [EDLUND Tina * GOV](#)
Subject: RE: slide review
Date: Wednesday, November 7, 2018 3:20:57 PM
Attachments: [OHA Program Area Summary Tina Rec 4.0.xlsx](#)

Hi Tina,

Thanks for the sneak peek at the slideshow. You are correct about the non-Medicaid bullet. You might want to add the word "one-time" in there, such as "...shift of one-time non-Medicaid..." to make it a little more specific. But I'm only thinking in terms of the issues for which I can envision George/Kate asking for clarification.

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P.S. Interesting (if that's the right word) that Montana's tobacco tax initiative was soundly defeated. Yet also interesting that three other states passed measures to expand Medicaid.

From: EDLUND Tina * GOV
Sent: Wednesday, November 07, 2018 1:41 PM
To: MACDONALD Thomas * DAS <Thomas.MACDONALD@oregon.gov>
Subject: slide review
Importance: High

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I'd like to get your eyes on it. Can you look at the highlighted bullet on the 2nd slide particularly. I

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Thx,

T

Tina Edlund

Senior Health Policy Advisor

Office of Governor Kate Brown

(971) 209-0604

Oregon Health Authority
Preliminary Plan for Governor's Budget
2017-19 Leg Approved Budget

	\$, in millions		
	GF	LF	GF/LF
	2,163.7	12.5	2,176.2
Cost Increases			
Roll-up of 2017-19 Personal Services costs	25.6	0.1	25.7
Inflation in non-OHP programs (does not fund Mental Health inflation)	19.8	0.4	20.2
OHP: FMAP Changes	442.0	-	442.0
OHP: Hospital Assessment 0.7% and Insurance Premium Tax 1.5% - statutory sunsets	308.3	-	308.3
OHP: Inflation at 3.4% each year	71.1	-	71.1
OHP: Other Funds Inflation - insufficient revenue to fund inflation	125.1	-	125.1
OHP: Tobacco Tax / Tobacco Master Settlement - revenue decline & one-time revenue	82.2	-	82.2
OHP / Mental Health: caseload forecast changes	22.0	-	22.0
Mental Health: shift one-time tobacco tax revenue to General Fund	17.7	-	17.7
Phase-in programs partially funded in 2017-19	12.5	-	12.5
Cost Allocation - increased GF need for indirect costs	8.0	-	8.0
Health Care Agenda Investments			
Reduce Risk Factors for Suicide (POP 402)	13.1	-	13.1
Physical, Behavioral, Oral Health Coord. (POP 411 - 4 positions; electronic health records)	5.4	-	5.4
Intensive In-Home Behavioral Health Services (POP 403 - CCO rate increase)	3.3	-	3.3
Universal Home Visiting (POP 401)	2.0	-	2.0
CCO 2.0 (POP 416 - 6 positions)	0.9	-	0.9
Office of Child Health (POP 404 - 4 positions)	0.6	-	0.6
Contain Prescription Drug Costs (POP 422 - 2 positions for Presc. Drug Monitoring Program)	0.4	-	0.4
Identify Programs for Health Care Integration (POP 409 - opioid alternative education)	0.3	-	0.3
Project ECHO (in addition to Addictions and Recovery Agenda)	0.3	-	0.3
Other New Investments			
Oregon State Hospital - open 25-bed unit in Junction City through June 30, 2020	7.1	-	7.1
Aid and Assist Caseload - Misdemeanant Defenders (POP 410 / LC 383)	7.6	-	7.6
Behavioral Health Backfill - replace declining tobacco revenue (POP 413)	9.1	-	9.1
Hepatitis C Treatment - expand coverage to earlier stages (POP 415)	10.0	-	10.0
IT Project: Behavioral Health System - 2 positions (POP 414)	6.7	-	6.7
IT Project: Integrated Eligibility / Medicaid Eligibility - 45 positions (POP 201)	0.7	-	0.7
IT Project: Medicaid Modularity - 3 positions (POP 202)	0.5	-	0.5
Dec. 2018 E-Board Request: Ombudsperson Services - 6 positions	0.8	-	0.8
Dec. 2018 Rebalance Request: Health Systems Staffing - 3 positions	0.6	-	0.6
Dec. 2018 Rebalance Request: increased funding for ADPC & Wallowa Co. PH funding	0.2	-	0.2
September 2018 E-Board: Water Strategy	0.2	-	0.2
Cost Decreases			
OHP: OHSU - revenue phase-in / program growth	(162.0)	-	(162.0)
OHP: Rural A/B Hospital Assessment - revenue phase-in	(24.0)	-	(24.0)
OHP: CCO Quality Incentive Pool - recognize 2019 reduction (one-time)	(6.7)	-	(6.7)
Phase-out one-time costs / debt service decrease	(10.0)	-	(10.0)
Revenue Proposals			
Insurance Premium Tax at 2% plus Stop-Loss	(320.0)	-	(320.0)
Subsidized Employer Assessment	(119.5)	-	(119.5)
Hospital Assessment Increase of 0.7% ("non-true tax")	(98.0)	-	(98.0)
Tobacco Tax Increase (7 months) - cigarette tax (\$2.00) and vaping	(95.0)	-	(95.0)
OHSU - increase OHSU's contribution to transfer agreement	(75.0)	-	(75.0)
Program Reductions			
OHP: OHSU - eliminate contingency reserve maintained by OHA	(64.0)	-	(64.0)
OHP: Graduate Medical Education - eliminate (except OHSU-leveraged program)	(23.8)	-	(23.8)
OHP: reverse 2017 Medicaid waiver renewal costs approved as one-time	(5.5)	-	(5.5)
Increase vacancy savings estimate	(1.0)	-	(1.0)
2019-21 Health Care Budget Plan	2,363.6	12.9	2,376.6
2019-21 Health Care Current Service Level	3,120.5	13.0	3,133.5
Difference from CSL after PEBB Transfer to General Fund			(756.9)
Buy-backs related to core programs	GF	LF	GF/LF
Intensive In-Home Behavioral Health Services - increase investment	3.3	-	3.3
Universal Home Visiting - increase investment	2.0	-	2.0
Restore Graduate Medical Education	23.8	-	23.8
Restore Mental Health Inflation	10.4	-	10.4
Local Public Health Backfill - replace declining medical marijuana revenue (POP 417)	5.5	-	5.5
Total	15.9	-	15.9
Other potential buy-backs			
Stop-Loss Insurance - remove from Insurance Premium Tax proposal	44.0	-	44.0
Subsidized Employer Assessment - remove from revenue package	119.5	-	119.5
OHSU - do not increase contribution to OHP	75.0	-	75.0
Total	238.5	-	238.5
Other Significant Issues included in the Plan that are important to bring to the Governor's attention			
Transfers \$50 million from PEBB Reserves to the General Fund to cover Salary Pot costs	-	-	-
Public Health Modernization: fund through tobacco tax increase - \$13.6 million in 2019-21	-	-	-
Mental Health: Shortfall due to Marijuana Revenue Issue - resolve through statutory change	16.0	-	16.0
Services and Supplies Inflation Reduction / Vacancy Savings - restore reductions	9.5	0.1	9.6
Reinsurance Program - funded at \$90 million Other Funds (impacts DCBS budget)			

From: [EDLUND Tina * GOV](#)
To: [MACDONALD Thomas * DAS](#)
Subject: RE: slide review
Date: Wednesday, November 7, 2018 4:22:44 PM

Thanks Tom. I made the changes you suggested below. Thanks for catching that I missed the Aid and Assist item.

On stop-loss, there were early estimates that if we assess the employers at 2% of stop-loss premiums, we could still capture about \$2m a biennium that would net against the \$44m; hence, \$42m. However, DCBS is still reviewing and cleaning data, so I've decided to leave this at \$44 rather than having an ever-shifting number.

The changes on the excel document do throw me for a loop. Now it's impossible to tell if we are balanced or not from what I can see. Hopefully, you can take me through it. T

From: MACDONALD Thomas * DAS <Thomas.MACDONALD@oregon.gov>
Sent: Wednesday, November 7, 2018 3:21 PM
To: EDLUND Tina * GOV <Tina.EDLUND@oregon.gov>
Subject: RE: slide review

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(971) 209-0604

From: [MACDONALD Thomas * DAS](#)
To: [EDLUND Tina * GOV](#); [ROMAN Linda * GOV](#)
Subject: OHA Budget Narrative
Date: Tuesday, November 13, 2018 10:25:26 AM
Attachments: [OHA_Last Biennium 2017-19Gov'sBudget.docx](#)
[OBJ datastream.pdf](#)

The attached Word document is the OHA write-up from the Governor's 2017-19 budget book. The table at the top is blank for no other reason than our admin staff cleared them out for us to update for 19-21 (I simply grabbed the most easily accessible version).

The attached PDF is the condensed version of the 17-19 budget proposal, but let me know if you were looking for something else.

Thanks.

Tom MacDonald
Policy and Budget Analyst
Chief Financial Office
Department of Administrative Services
503-586-6689

Oregon Health Authority

General Fund			
Lottery Funds			
Other Funds			
Federal Funds			
Other Funds (Nonlimited)			
Federal Funds (Nonlimited)			
Total Funds			
Positions			
Full-time Equivalent			

OVERVIEW

The 2017-19 Governor's Budget for the Oregon Health Authority (OHA) reinforces the state's commitment to making the health of Oregonians a core foundation of the state while ensuring the health care delivery model is sustainable during a time of rising costs and reduced federal funding. The budget helps achieve critical health care outcomes through strategic investments, revenue reforms, and cost savings measures – all while preserving health care benefits and eligibility and holding the state's health care programs to high standards.

OHA achieves its mission of helping people and communities reach optimum physical, behavioral, and social well-being through the following health care programs: Oregon Health Plan (OHP), Non-Medicaid behavioral health services, the Oregon State Hospital, Public Health, Health Policy and Analytics, the Public Employees Benefit Board (PEBB), and the Oregon Educator's Benefit Board (OEBB). The nine-member Oregon Health Policy Board also serves as the policy-making and oversight body for OHA and helps ensure access to quality, affordable health care for all Oregonians and to improving population health.

The OHA budget directly impacts a significant portion of Oregon's population:

- Approximately 1,439,500 individuals receive health care coverage through OHP, PEBB, and OEBB;
- Approximately 45,000 individuals receive behavioral health support and treatment services through local community mental health and substance use disorder programs;
- Over 600 individuals receive mental health care through the Oregon State Hospital system; and Every Oregonian benefits from disease prevention and wellness services provided by the Public Health Division.

Today, nearly 95 percent of Oregonians have health insurance – an increase of 63 percent from 2013, and the Governor's Budget aims to push this higher so that no person in the state goes without access to health care. Overall, the Governor's Budget for OHA positions the state to improve people's health, leverage the state's power as a health care purchaser, reduce waste and inefficiency, and set clear standards for health care quality.

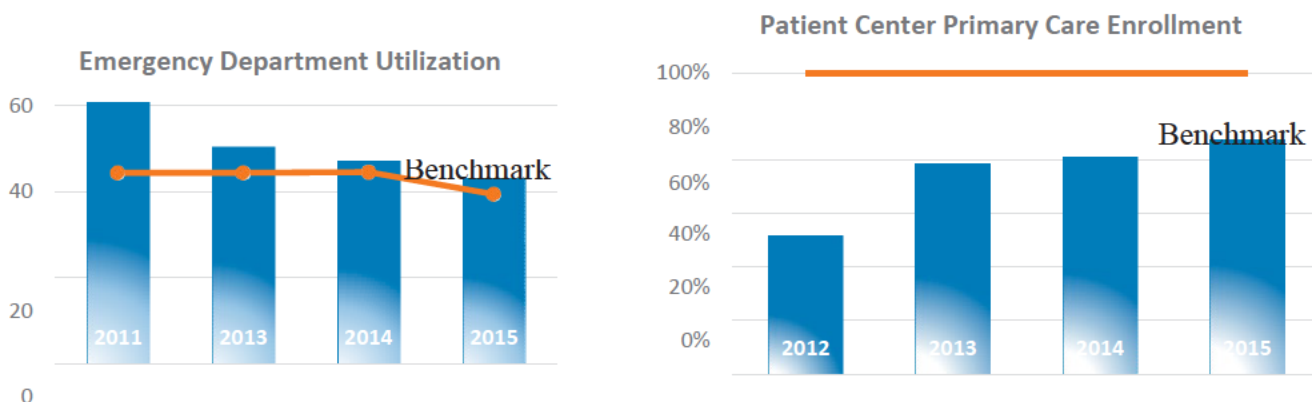
GOVERNOR'S BUDGET

The 2017-19 Governor's Budget for OHA is \$20,432.9 million total funds, which represents a decrease of one percent from the 2015-17 Legislatively Approved Budget (LAB). The General Fund budget totals \$2,167.9 million and represents a one percent increase compared to the 2015-17 LAB. The Governor's Budget invests in OHA to achieve three key goals: making health care foundational; protecting children and underserved areas; and implementing shared responsibility for funding a sustainable health care program.

- **Making Health Care Foundational:**

Comprehensive Health Care Benefits and Eligibility – In a time of challenging budget constraints, the Governor's Budget preserves the strong benefits and eligibility of OHP. Low-income adults, children, pregnant women, and individuals with disabilities will continue to have access to OHP's physical, behavioral, and oral health care services.

Health Care Outcomes – OHP members continue to have access to a transformed health care system where reimbursement for Medicaid services includes performance payments measured on how well coordinated care organizations (CCO) perform on key health care measures. OHP has seen improvements in decreased emergency department visits per 1000 member months, decreased hospitalization for chronic conditions, and increased primary care. Examples of two specific measures are displayed below.



Reducing Unintended Pregnancies – Approximately 50 percent of pregnancies in Oregon are unintended. The Governor and OHA continue to place a high priority on improving women's health and reducing unintended pregnancies by implementing pregnancy intention screenings and providing effective contraceptives to women who do not wish to become pregnant. The Governor's Budget recognizes the state and federal Medicaid savings expected to be achieved through reducing the rate of unintended pregnancies across the state.

ONE System Enhancements – In 2015, OHA began a phased-in approach to launch the Oregon Eligibility (ONE) system for Medicaid eligibility and enrollment. The Governor's Budget builds on the system's progress and trajectory by supporting system enhancements to ensure it achieves its goal of automating and streamlining the eligibility and enrollment process for OHP applicants and caseload specialists.

Oregon State Hospital Junction City Campus – The state should do its best to ensure people with mental illness live in the most independent care settings possible while receiving the appropriate treatment. For this reason, the Governor’s Budget plans to close the Junction City campus of the Oregon State Hospital after the first year of the 2017-19 biennium and transition patients to community care settings.

Cleaner Air Oregon – Protecting Oregon communities from environmental health risks, such as hazardous air pollutants, is imperative to keeping Oregonians safe and healthy. Environmental health issues disproportionately affect low-income and minority communities. The Governor’s Budget enhances the Public Health Division’s ability to support and implement health-based environmental protections by investing in the Cleaner Air Oregon initiative. This investment in OHA works in conjunction with similar Cleaner Air Oregon investments in the Department of Environmental Quality also aimed at reducing public health risks arising from hazardous pollutants.

- Protecting Children and Underserved Areas:

Cover All Kids - The Governor’s Budget not only maintains the state’s robust health care coverage for low-income Oregonians and their families, it also expands access to all low-income children in Oregon. This initiative is supported with \$55 million General Fund and will provide OHP coverage to children who do not qualify for Medicaid solely because they do not meet federal citizenship and immigration status requirements. The Governor’s initiative reflects the return on investment achieved when children have health insurance coverage – they have fewer emergency room visits, have improved social and emotional functioning, do better in school, miss fewer school days, and are more likely to graduate school and go to college.

Implementation of Behavioral Health Investments – The 2015-17 OHA budget includes partial-biennium state fund investments of \$22 million for Oregon’s mental health system and \$6 million for new addiction services. The Governor’s Budget fully implements these investments in 2017-19. Combined with the \$45 million in Medicaid expansion savings reinvested in the mental health community in 2013-15, the Governor’s Budget maintains a strong funding level for non-Medicaid behavioral health services in the state.

Hepatitis C Treatment Expansion – New breakthrough therapies to treat Hepatitis C with high rates of success became available in the past few years, although at a steep cost per patient. OHP has been providing treatment to Hepatitis C patients with higher stages of the disease; however, these treatments have presented a challenge for the state to stay within budgetary thresholds. The Governor’s Budget recognizes the challenge of these increasing costs and invests in expanding treatment to patients at earlier stages. Hepatitis C disproportionately affects minority communities and the Governor’s initiative will help put the state on the path of decreasing the number of infections and halting the spread of the disease.

- Shared Responsibility for Funding Health Care:
- Bending the Cost Curve – The Governor’s Budget continues to build upon the coordinated care model and applies it to all major health care purchasing. The budget continues caps on annual health care spending for PEBB and OEBB at 3.4 percent per member. The budget also reflects flat inflationary expenses for CCOs starting in January 2018 and reduces the administrative allowance included in CCO rates, in reflection of shared responsibility across the health system to operate within a sustainable budget.

Revenue Reforms – In prior biennia, a significant portion of OHP has been supported with one-time revenue no longer available in 2017-19. Additionally, the federal matching rate to support

the Affordable Care Act (ACA) Medicaid expansion population is permanently decreasing on a scheduled phased-down from 100 percent to 90 percent from 2017 to 2020. Finally, the federal match rate for the pre-ACA portion of the program is also expected to decrease in the next biennium. Inclusive of holding CCO inflation flat as discussed above, the Governor's Budget addresses the challenge of appropriately, sustainably, and equitably funding our health care system by reforming the way in which hospitals, insurers, and CCOs contribute to the system through assessments on their revenue. These reforms reflect that the health system as a whole has fared well through the significant expansion of coverage since 2014. For example, hospital revenues and margins have increased significantly since 2014, as have CCO margins and reserves.

- **Program Integrity and Fraud Prevention** – Detecting, preventing, and investigating fraud, waste, and abuse is pivotal to ensuring public resources maximize the health care benefits delivered to Oregonians. This is why the Governor's Budget invests \$7.3 million, of which \$1.6 million is General Fund, to enhance OHA's Office of Program Integrity. This investment will enable OHA to improve its program for investigating Medicaid and non-Medicaid fraud; provide better oversight of how the state's health care partners spend public resources; and comply with federal program integrity requirements. The return on investment of this initiative cannot be understated, which is why the Governor's Budget also recognizes a General Fund savings of \$15 million to reflect the benefit of increasing the state's program integrity capabilities.

REVENUE SUMMARY

Over 56 percent of OHA's budget is supported with Federal Funds, of which a significant portion represents federal Medicaid dollars matched with state funds. Federal Medicaid reimbursement is based on the Federal Medical Assistance Percentage (FMAP) and there are three key rates that determine how much state funding is required to support Medicaid caseload expenditures: Title XIX FMAP; the Affordable Care Act FMAP; and Children's Health Insurance Program FMAP. Other important federal revenue sources include the Mental Health Services Block Grant, the Substance Abuse Prevention Treatment grant, and various federal grants supporting the Public Health Division and Health Policy and Analytics. General Fund represents over 10 percent of the budget, a significant portion of which is used to match federal Medicaid dollars. Other Funds used to support the Governor's Budget for OHA include funds from the health care system, drug rebate revenue, tobacco tax, and tobacco master settlement agreement funding.

AGENCY PROGRAMS

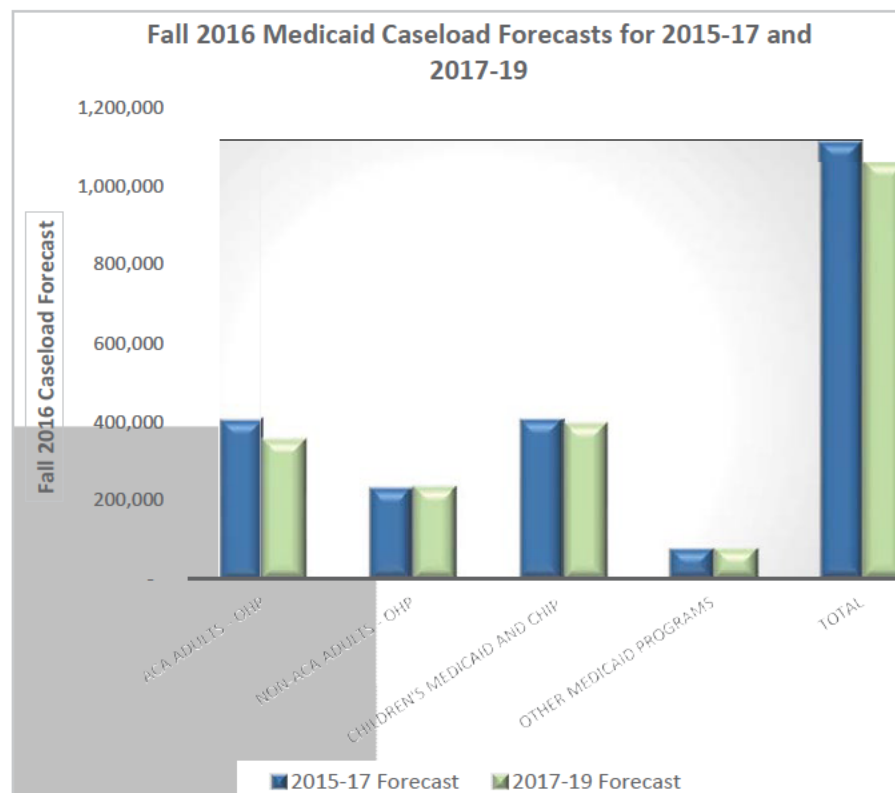
Health Systems Division

The Health Systems Division (HSD) ensures the systematic transformation of health care in Oregon by delivering integrated physical, behavioral, and oral health care services, strengthening the coordinated care model, and improving health outcomes through administration of the state's Medicaid and non-Medicaid programs.

Medicaid: OHA is the state designated agency responsible for Medicaid, which provides medical coverage to low-income adults, people with disabilities, children, and pregnant women. Most Medicaid coverage in the state is provided through OHP, which provides medical coverage for Medicaid under Title XIX of the Social Security Act, Children's Health Insurance Program (CHIP) coverage under Title XXI of the Social Security Act and Medicaid expansion under the Affordable Care Act (ACA). There are also Medicaid programs outside of OHP, including the

Citizen/Alien-Waived Emergency Medical and Qualified Medicare Beneficiaries programs.

Oregon's health care system has experienced significant changes over the past few years upon the creation of a new Medicaid delivery system through coordinated care organizations (CCOs) starting in 2012. The CCOs emphasize prevention and helping people manage chronic conditions; in turn, this helps reduce unnecessary and expensive medical services and supports healthy living. There



are currently 16 CCOs operating in Oregon covering over 900,000 Oregonians, or approximately 90 percent of the one million enrollees in the state's Medicaid program. Health System Transformation and the implementation of the coordinated care model focus on achieving the triple aim: better health, better care and lower costs. Another significant change in the state's health care system came with the January 2014 expansion of Medicaid authorized by the ACA to adults earning up to 138 percent of the federal poverty level. With the implementation of Medicaid expansion, the OHP caseload increased by approximately 400,000 individuals. Overall, the Medicaid caseload is projected to decrease by nearly 60,000 members from 2015-17 to 2017-19 based on the Fall 2016 forecast. Most of this change is anticipated in the ACA caseload, whereas other caseload groups are seeing upward pressure. Although the overall decrease in the caseload results in a total funds savings due to the decrease in the ACA caseload, the state fund costs increase because of the increase in the caseloads funded under the traditional FMAP rate. In other words, while the total caseload is expected to decrease, the part of the program of which the state has to cover a higher share of the cost is expected to increase, resulting in a net increase to the state budget challenge.

Despite the vast coverage provided by OHP, many low-income children remain without health care coverage in the state because of federal Medicaid restrictions regarding citizenship and immigration status. To bridge this gap and ensure children have health care coverage, the Governor's Budget invests \$55 million General Fund in the Cover All Kids program. This program will provide OHP benefits to children who meet the income eligibility threshold of CHIP, but otherwise would not qualify for Medicaid due to their citizenship and immigration status.

The Governor's Budget also invests \$196 million total funds, of which \$32 million is General Fund, to expand treatment of Hepatitis C to patients at an earlier stage of the disease. New anti-viral drug regimens for treating Hepatitis C came to market in 2013. These treatments have a

high cure rate, yet can cost over \$100,000 per patient for a course of treatment. OHP currently covers patients in the later stages of Hepatitis C. By expanding treatment to patients with an earlier stage of the disease, the Governor's budget helps the OHP population achieve optimum health and moves toward stopping the spread of the disease. Although the Governor's Budget does not include funding for CCOs to receive a rate increase in calendar years 2018 and 2019, this investment helps mitigate the strain these pharmaceutical costs have placed on CCO budgets.

In light of the one-time revenue no longer available to support OHP, as well as the decreased availability of federal funding, the Governor's Budget reforms how OHP is funded in the following key ways:

- Hospital Assessments – The budget revises the Hospital Assessment structure to make it a true tax and discontinues the Hospital Transformation Performance Program, thereby redirecting the program's funding to support OHP benefits.
- Insurance and Managed Care – The budget reinstates the insurance and managed care tax that expired in 2013.
- Coordinated Care Organizations - The budget does not fund 18 months of inflationary costs for CCOs, previously capped at 3.4 percent per member per year and reduces the allowed CCO administrative rate.
- Fee-for-Service – The budget does not provide a full inflationary increase for fee-for-service rates.
- OHA Funding – The budget includes a series of cost reduction measures to reflect the state agency's efforts to continuously improve operations and achieve administrative efficiencies. Together, these reforms reflect the shared contribution key OHP stakeholders must make to ensure the long-term financial sustainability of Oregon's Medicaid programs.

Non-Medicaid: The Non-Medicaid budget supports critical elements in Oregon's community behavioral health system that serve as the safety net for all Oregonians regardless of health care coverage. A significant portion of Non-Medicaid services are provided through community mental health programs and alcohol, drug, and gambling addiction treatment providers. An important focus of the Non-Medicaid system is to respond to individual and community crises and meet the immediate behavioral health needs for a defined population and geographic region. Non-Medicaid funds also purchase social support services for OHP members that are not included in the Medicaid benefit package, such as early outreach and engagement, peer-based recovery, and housing services. HSD works closely with OHA's Office of Health Policy and Analytics, Office of Equity and Inclusion, and CCOs to administer the system of care as well as achieve better health and better care at lower costs for all Oregonians by integrating physical and behavioral health services and promoting health equity.

The services provided through the Non-Medicaid program must be in compliance with an agreement reached with the United States Department of Justice (USDOJ) in 2012. This agreement requires the state to take steps to better provide individuals with serious and persistent mental illness with the critical community services necessary to help them live in the most integrated setting appropriate to their needs and achieve positive outcomes. The budgetary and programmatic decisions for Non-Medicaid continue to be made in accordance with the objectives of the USDOJ agreement.

A significant amount of state funding – \$210 million in total – has been invested in the Community Mental Health system in the last two biennia. Of the total amount invested, \$45 million represents reinvested savings resulting from the expansion of Medicaid coverage to

individuals whose behavioral health services were previously funded with state funds. The Governor's Budget for 2017-19 phases-in several Non-Medicaid program investments made in 2015-17 and recognizes savings due to a forecasted decrease in the Non-Medicaid caseload. The Governor's Budget otherwise maintains Non-Medicaid behavioral health funding at the elevated level after the 2013-15 and 2015-17 investments to help ensure strong access remains for these services.

The overall Health Systems Division budget, including Medicaid, non-Medicaid, and related administration, totals \$15,051.9 million, which represents a three percent decrease compared to the 2015-17 LAB. The recommended General Fund budget is \$1,463.6 million, which represents a one percent increase compared to the 2015-17 LAB.

Health Policy and Analytics

The Office of Health Policy and Analytics (HPA) provides policy support, technical assistance, and access to health information statistics and tools to all organizations and providers participating in Oregon's health system transformation, including programs within OHA. The key functions of HPA are: Health Policy; Clinical Improvement Services; Health Analytics; Health Information Technology; and Business Support.

HPA is largely supported by federal Medicaid dollars matched with General Fund. The program also receives Federal Funds through the CMS Children's Health Insurance Program Reauthorization Act grant, the CMS Adult Medicaid Quality grant, the Health Resources and Services Administration Primary Care grant, and Health Information Technology Electronic Health Records funds. The Governor's Budget phases-in several investments related to health care transformation made in 2015-17. The budget also transfers \$4.8 million for health provider incentive programs from the Higher Education Coordinating Commission (HECC) pursuant to Senate Bill 3396 (2015).

The Governor's Budget for HPA is \$151.7 million total funds, of which \$31.2 million is General Fund. The recommended budget represents a total funds increase of nine percent from the 2015-17 LAB and a 41 percent increase in General Fund, primarily due to the phase-in of 2015-17 investments and transfer of provider incentive program funding from HECC. A significant portion of this increase represents the phase-in of health care transformation continuation investments made in 2015-17.

Public Employees Benefit Board

The Public Employees Benefit Board (PEBB) designs, contracts for and administers health plans, group insurance policies and flexible spending accounts for state employees and their dependents, representing over 138,000 Oregonians. PEBB is entirely funded with Other Funds through premiums collected for all insured individuals. Premiums are collected from state agencies, universities, and self-pay members to directly cover the costs of the plans. For fully-insured plans, the premiums PEBB collects are passed through to the appropriate carrier. For self-insured plans, PEBB maintains the Stabilization Fund, which must have a sufficient balance to cover claims risk. PEBB has been actively managing cost increases and has projected its 2017-19 budget based on a sustainable rate of growth target of no more than 3.4 percent per member growth per year.

Instead of responding to increasing cost trends with one of the conventional approaches to controlling health care spending—reducing provider payments, changing covered benefits or shifting costs to members—PEBB is moving down a new pathway with its new health care partners to transform the delivery system for better efficiency, value and health outcomes. Since moving to self-insurance beginning in 2006, PEBB has experienced lower costs each year

compared to premiums collected.

The 2017-19 Governor's Budget for PEBB is \$1,895.8 million. This is an increase of six percent from the 2015-17 Legislatively Approved Budget.

The Oregon Educators Benefit Board

(OEBB) administers medical, dental, vision and other benefits for Oregon's school districts, community colleges, and education service districts. Additionally, with the passage of House Bill 2279 (2013), cities, counties and special districts became eligible to join the OEBB benefits program effective January 2014. OEBB designs and maintains a full range of benefit plans for eligible and participating entities to offer their employees and early retirees. OEBB's goal is to provide high-quality benefits for all eligible employees, early retirees, and their dependents at the lowest possible cost, and to work collaboratively with further advance the triple aim of health care. OEBB has prioritized choice in plan options for employers and employees as a savings option.

OEBB is funded through premium payments from school districts, community colleges, other government entities, and members. In the last several plan years, OEBB has had continued success at keeping its medical plan premiums lower than the overall trend of the state. As with PEBB, OEBB has been actively managing cost increases and has projected its 2017-19 budget based on a sustainable rate of growth target of no more than 3.4 percent per member per year.

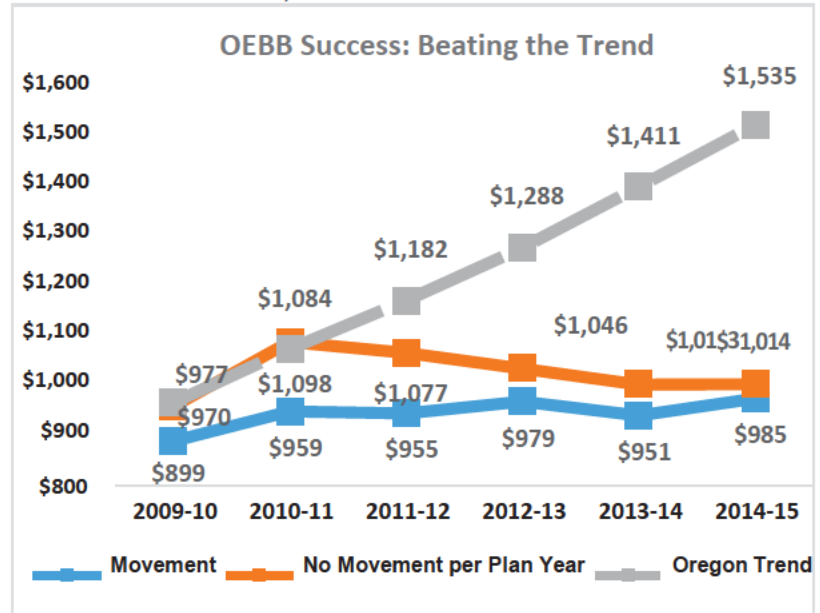
The Governor's Budget for OEBB is \$1,663.4 million Other Funds, which is an increase of seven percent from the 2015-17 Legislatively Approved Budget.

Public Health Program

The Public Health (PH) Division administers a variety of programs addressing behavioral and social drivers of health by working to ensure the physical and social environments promote health and make it easier for people to make healthy choices. PH programs can complement and amplify investments in health care programs and by focusing on prevention. They can have the potential to reduce the need for costly health care services. Oregon's public health system includes federal, state, counties and local agencies, private organizations and other partners. PH operates some programs directly and funds and coordinates other programs through the 34 local health departments across the state. At the state level of the system, PH plays a leadership role with the implementation of the ACA and health care transformation. Public Health has four general program areas overseen by the Office of the State Public Health Director:

- Center for Health Protection – Protects the health of individuals and communities through establishing, applying, and ensuring compliance with regulatory and health based standards. This includes protection from environmental health hazards, developing patient safety efforts, and quality improvement activities for all health care providers.

members, entities and insurance carriers to



- Center for Prevention and Health Promotion – Helps communities and residents achieve and sustain lifelong health, wellness, and safety. This includes prevention of chronic disease, child developmental delays, injuries and unsafe relationships, and physical and behavioral problems.
- Center for Public Health Practice – Prevents and controls diseases, monitors population health information, and ensures emergency public health services in natural and human-caused disasters.
- Office of the State Public Health Director – Provides scientific, fiscal, communications, and policy leadership to Public Health programs.

Public Health is primarily funded with Federal Funds and over 120 grants are categorically dedicated to specific Public Health programs. Public Health also collects Other Funds through fee-based programs. The 2017-19 budget either increases or establishes five different categories of fees consistent within meeting statutory requirements.

The Governor's Budget funds the Cleaner Air Oregon initiative in Public Health at a total \$720,300 General Fund. This initiative will improve the ability of OHA to protect Oregon communities from environmental health risks and reducing the rates of illness and decrease the overall costs of health care in Oregon. The Cleaner Air Oregon activities in Public Health will work in collaboration with two Cleaner Air Oregon initiatives the Governor's Budget also supports in the Department of Environmental Quality for Air Permitting and Air Toxics Monitoring.

The 2017-19 Governor's Budget for Public Health is \$648.3 million total funds, which is an increase of two percent from the 2015-17 LAB. The recommended General Fund budget is \$43.5 million, which is less than a one percent increase compared to the 2015-17 LAB.

Oregon State Hospital

The Oregon State Hospital (OSH) is an integral part of the statewide behavioral health system by providing psychiatric care for adults from all 36 counties at OSH's Salem and Junction City campuses. The hospital's primary goal is to help people recover from their mental illness and return to life in their communities. Patients receiving treatment in OSH fall into one of the following three commitment types:

- Civil - people who have been found by the court to be an imminent danger to themselves or others, or who are unable to provide for their own basic health and safety needs, due to their mental illness.
- Guilty Except for Insanity – people who committed a crime related to their mental illness.
- Aid and Assist – people who have been arrested but have been found unable to participate in their legal proceedings due to a mental illness and are in need of mental health treatment enabling them to understand the criminal charges against them and “aid and assist” in their own defense (often referred to as .370 population due to corresponding state statutory provision). The hospital has gone through significant programmatic changes in the past several years, underscored by the closure of the Blue Mountain Recovery Center in Pendleton and the Portland campus. The two remaining campuses have the capacity to serve up to 794 individuals, with 620 beds in Salem and 174 beds in Junction City. In November of 2016, OSH had about 625 individuals in its care, approximately 545 in Salem and 80 in Junction City.

The Governor's Budget plans for the closure of the Junction City campus after the first year of the 2017-19 biennium. This action will help transition patients to the appropriate treatment in independent settings. The budget also recognizes an anticipated increase in federal revenue through the certification of additional hospital beds with the Centers for Medicare and Medicaid.

The 2017-19 Governor's Budget for OSH is \$537.3 million total funds, which is an increase of three percent to the 2015-17 LAB. The General Fund budget is \$436.6 million, which represents a decrease of three percent.

Central Services

OHA Central Services provides the leadership and business support to achieve the agency's mission. This budget structure includes the Office of the Director and Policy, Communications, Human Resources, and Budget, Planning and Analysis.

- The Director's Office is responsible for the overall leadership, policy development and administrative oversight for the agency. This includes coordination with the Governor's Office, legislature, other state and federal agencies, tribal governments, partners and stakeholders, local governments, advocacy and client groups, and the private sector.
- The External Relations Division is responsible for building strong relationships with the public, media, legislature, and other agencies at the state and federal levels. The division also helps create a broad understanding of the ways in which OHA contributes to the health of Oregonians.
- The Fiscal Operations Division provides operational support and services to OHA. These include providing leadership and collaboration for strategic decisions of OHA programs through in-depth knowledge of OHA financial processes, federal programs and fiscal policy, business line funding streams, and state budget processes. The division also provides human resources services through recruitment and staffing, employee relations, organization and employee development, risk management, and human resource regulatory compliance.
- The Office of Equity and Inclusion works on behalf of OHA and the broader health system in the state to ensure the elimination of avoidable health care gaps and to promote optimal health in Oregon for everyone.

Central Services is funded based on a federally approved cost allocation plan where programs are charged for services to its respective state and federal funding sources. The 2017-19 budget makes several technical adjustments and includes an additional \$4.2 million General Fund to support the inclusion of OSH in the agency's cost allocation model. The Governor's Budget is \$36.1 million total funds, which represents an increase of one percent over the 2015-17 LAB. The General Fund budget is \$23.4 million, which is an increase of twenty percent, which is primarily due to the costs associated with the OSH cost allocation adjustment.

Shared Services

The Shared Services budget structure includes costs associated with business functions supporting both the Department of Human Services (DHS) and OHA under a joint governance agreement. Funding for Shared Services is based on cost allocation statistics, which determine the distribution of expenditures to OHA or DHS and the revenue distribution by General Fund, Other Funds, and Federal Funds.

OHA Shared Services contains the Office of Information Services and Information Security and Privacy Office. Within the DHS budget, the Shared Services contains: the Office of Forecasting;

Office of Financial Services; Office of Human Resources; Facilities; Office of Imaging and Records Management; Office of Payment, Accuracy, and Recovery; Performance Excellence Office; and Internal Audit offices. Shared Services is funded entirely by Other Funds transferred from different OHA and DHS programs through a federally approved cost allocation plan. The model contains a billing allocation module and grant allocation module.

The 2017-19 budget makes several adjustment to properly support the shared service expenditures of policy proposals funded elsewhere in the budget. These include the DHS Integrated Eligibility Project and Medicaid Management Information System Modularization. While the budget supports these investments, it does eliminate the Oregon Enterprise Data Analytics program in DHS, thus reducing costs to OHA. The Governor's Budget for Shared Services is \$163.1 million total funds, which represents a thirteen percent increase from the 2015-17 LAB.

State Assessments and Enterprise-wide Costs

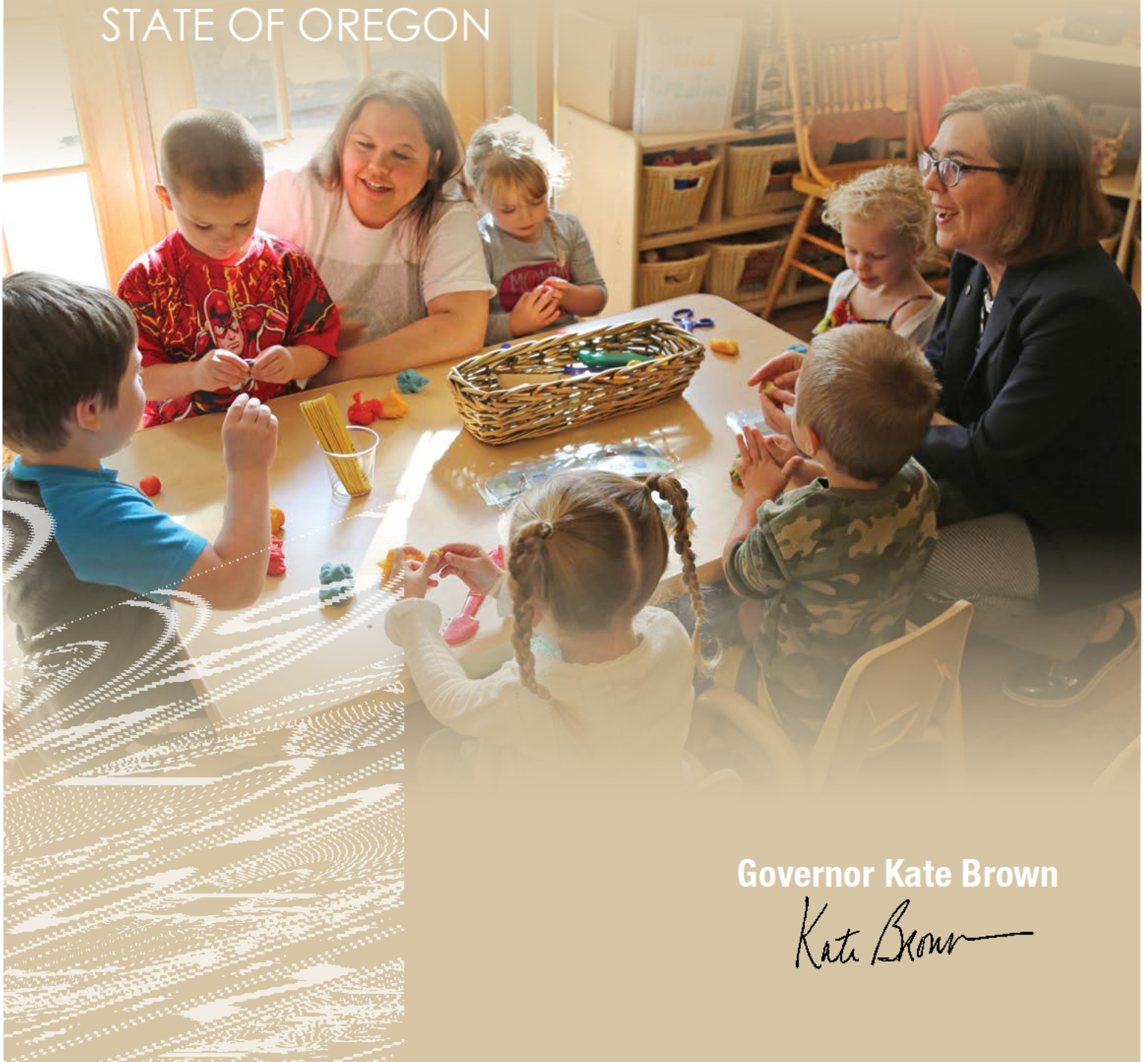
State Assessments and Enterprise-wide Costs (SAEC) is the budget structure for payments to DAS and third parties for goods and services that serve the whole agency, such as facility rents, state data center charges, DAS risk assessment, DAS government services charges, unemployment assessments, mass transit taxes, computer replacement, and debt service.

SAEC is funded based on cost allocation statistics. This allocation method determines the distribution of expenditures to OHA and DHS, the revenue distribution by General Fund, Other Funds, and Federal Funds. The Governor's Budget for SAEC is \$285.2 million total funds, which represents an increase of four percent over the 2015-17 LAB. The General Fund budget is \$169.7 million, which represents an increase of five percent over the 2015-17 LAB.

2017 - 2019

STRATEGIC INVESTMENTS FOR CHALLENGING TIMES: 2017-19 GOVERNOR'S RECOMMENDED BUDGET

STATE OF OREGON



Governor Kate Brown

Kate Brown



A message from Governor Kate Brown

I believe in a thriving Oregon; one that is resilient and sustains the well-being of current and future generations; where all Oregonians have opportunities to reach our full potential.

Achieving this vision requires healthy families and safe communities. It calls for careful stewardship of our natural resources to preserve the beauty and bounty of Oregon for future generations. It relies on a seamless system of education from cradle to career, and a robust economy in every corner of the state.

We've been making good progress. Overall, Oregon's economy has regained much of its pre-recession strength, adding 55,400 new jobs since 2015, although the recovery has been uneven, particularly in rural Oregon. We've made historic investments in public education, and helped make a college degree more affordable and accessible for Oregon students. Access to health insurance is at an all-time high, with 3.7 million Oregonians now covered.

We are closer to achieving our greenhouse gas emissions reduction targets and working toward a future free of coal-fired electricity, supporting the development of clean energy alternatives and contributes to job creation. We are making investments to help families and communities become resilient to drought and other effects of global climate change, and prepare for a major seismic event. *But there is still important work to do.*

- We must fulfill the pledge we made to our children and families to build a seamless system of education from cradle to career and improve our high school graduation rate. We must continue our efforts to expand health insurance coverage until every Oregonian is covered.
- We must make long-overdue investments in our roads, bridges, and public transit to enhance seismic safety, reduce traffic congestion, and keep local economies humming. Addressing our transportation needs will also create family wage jobs throughout the state.
- We must protect kids in foster care and other vulnerable people. We must make sure families can find affordable, stable housing. Taking care of our own is our fundamental responsibility as Oregonians.
- We must make sure Oregonians have clean air and water, and continue our efforts to make sure families and communities are safe and resilient.

These commitments are foundational to Oregon's future.

However, we are continually challenged to do more with less: In the next biennium, reduced federal funding, increases in the cost of state services and mandates from the ballot leave us with a projected \$1.7 billion budget shortfall.

The budget I am proposing today is a short-term solution to keep Oregon on track, funding a reduced level of core state services through a combination of budget cuts and new revenue. Balancing the budget



with program cuts alone would devastate services to children and other vulnerable people, our schools, higher education, and public safety. In guiding the development of my budget, I have established the following principles:

- Protect programs that **serve children and support families working to make ends meet.**
- Prioritize programs that deliver the best long-term benefit, particularly for **underserved communities, including Oregon's rural areas, and communities of color.**
- Identify and expand programs that **leverage outside funding sources** and maximize program impact and returns on investment.

Sustaining hard fought gains is nearly impossible with a tax system that is unstable, inadequate to meet our essential needs, and fundamentally out of balance. Oregon's middle-class families are shouldering a much larger share of the burden of the cost of critical state services. Corporations doing business in Oregon must share more of this responsibility. Therefore, this budget also includes revenue increases – tobacco taxes, hospital and insurance company assessments to help pay for health care, and fills other gaps by closing loopholes in the tax code.

State government will tighten its belt and live within its means, but not without painful cuts to critical programs at a level I find unavoidable and unacceptable. I present this budget as the starting place for a broader conversation with Oregonians and legislators about how best to align our resources with our shared values and vision for moving Oregon forward.

I believe the times in which we live always present both challenges and opportunities, including the opportunity to shape this era in our history to reflect our hopes for the future and our faith in the 'Oregon Way' of coming together to solve problems.

Governor Kate Brown



Salem, Oregon

STRATEGIC INVESTMENTS FOR CHALLENGING TIMES: 2017-19 GOVERNOR’S RECOMMENDED BUDGET

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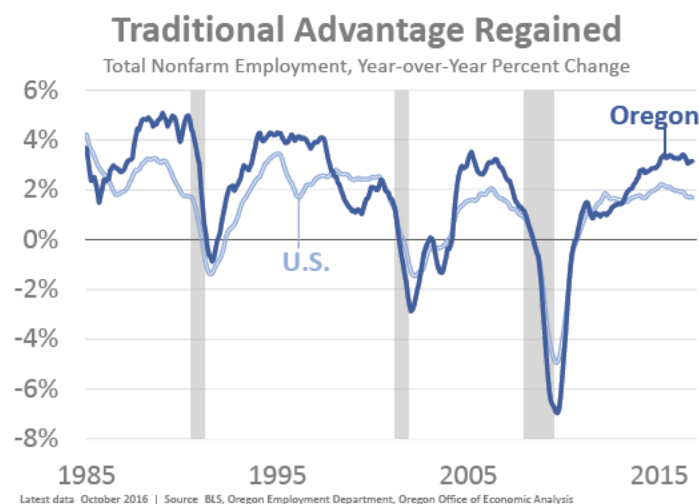
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THE ECONOMIC AND REVENUE ENVIRONMENT

OREGON'S ECONOMIC EXPANSION

The start of the 2017-19 biennium will mark the seventh anniversary of the end of the Great Recession. Since then, Oregon's economy has outperformed growth in other states by a wide margin. This is a familiar pattern. For decades, Oregon's economy has suffered greatly during recessions, losing far more jobs than most other states. That script is flipped when the U.S. economy is growing, with Oregon consistently ranking among the top-performing states.

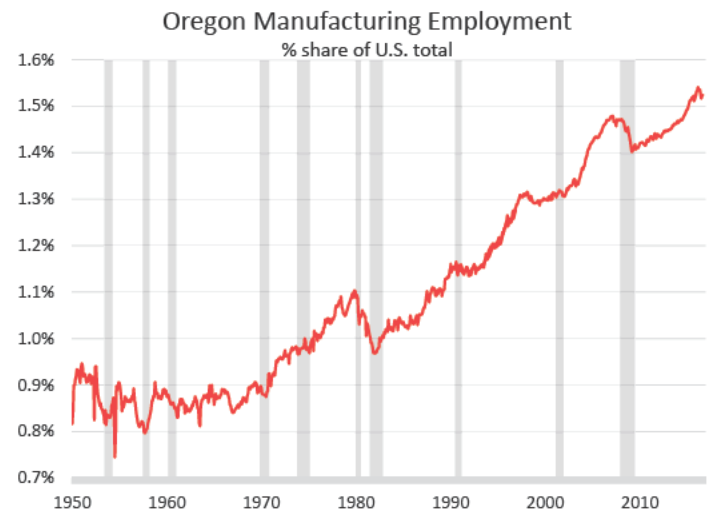


There are two primary factors behind Oregon's boom and bust cycles: our large number of resource and manufacturing firms, and our attractiveness to newcomers from other states.

Oregon is still a place that makes things. Although manufacturing, agriculture, and resource industries are not as dominant as they once were, these industries remain much larger in Oregon than in the typical state. Oregon's firms are not immune to the forces of globalization and technological change, but enjoy many competitive advantages relative to businesses in other states. The overall size of the manufacturing pie has been shrinking in both Oregon and the rest of the U.S., but Oregon's slice of that pie has been steadily growing. Dependence on manufacturing and resource industries brings many economic benefits, but also exposes Oregon to the

volatile business environment that many of these firms face.

Oregon's boom and bust cycles are also partly due to our being a magnet state. People want to move here. In 2016, Oregon saw more households move to the state than ever before, surpassing the previous record level seen during the tech boom in the 1990's.

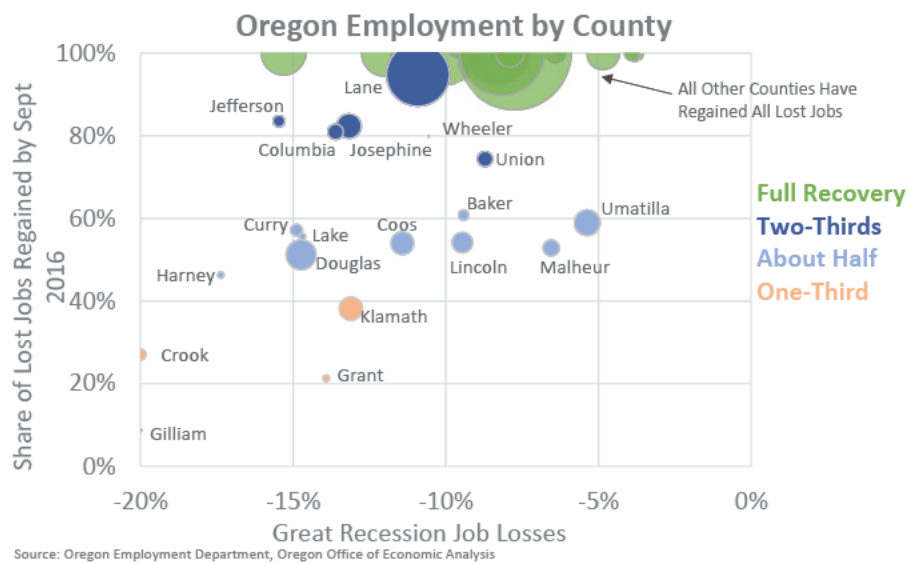


WHAT'S MISSING?

At the statewide level, most economic indicators have fully recovered from the recession. The unemployment rate, jobs, earnings, and production all look at least as good today as they did during the housing boom. Unfortunately, statewide totals mask some remaining weak spots.

Concerns include a lack of middle-wage job growth, a lagging recovery in many rural areas of the state, and some discouraged workers who remain on the sidelines. Middle-wage jobs are getting hit hard during recent recessions and have experienced little growth during expansions. This phenomenon is not exclusive to Oregon, as technological change has impacted jobs across the country. Once again, Oregon netted only a few middle-wage jobs during the current economic expansion. However, growth in high-wage jobs has been very encouraging, accounting for most of the heavy lifting in recent years.

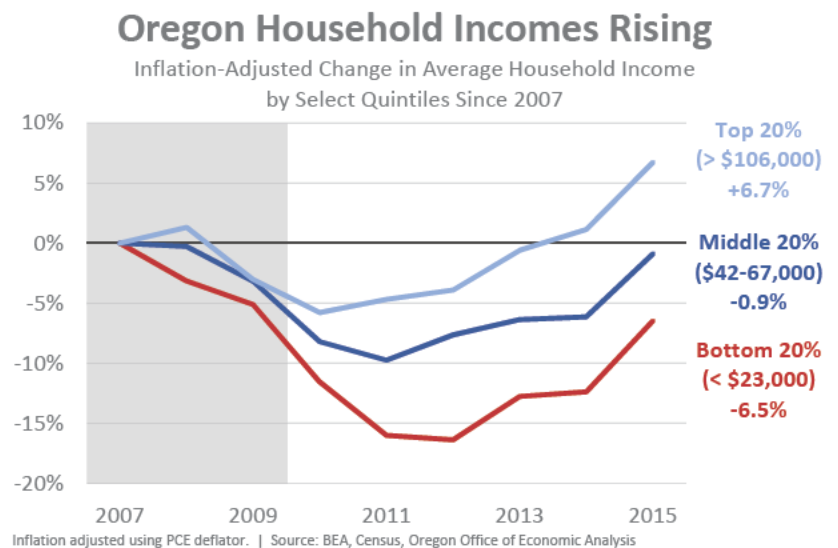
As job opportunities have improved in recent months, many workers hurt by the recession were able to return to the workforce. There are still around 20,000 fewer workers than would be expected given the traditional behavior of Oregon's labor force.



Oregon's economic recovery has been uneven across regions of the state. Most rural areas did not see any job gains at all until 2013, when housing-related industries started to bounce back. Many of Oregon's coastal and eastern counties still have significantly fewer jobs now than before the recession. Although gaps in Oregon's recovery remain, progress is finally being seen in many of the broader measures of economic well-being that traditionally are the last to bounce back. In particular, median household income, the poverty rate, and caseloads for need-based public programs are all

improving. Recently released Census data show that 2015 brought the largest increase in median household income in more than a decade.

And since 2012, the strongest increases in household income have actually been for those at the bottom of the income distribution. Oregon's job growth has been particularly important for low-income households that often do not have large investments and depend entirely on wage income and the safety net. Statewide, the poverty rate is effectively half of what it was prior to the Great Recession. The vast majority of this improvement, however, is concentrated in the Portland metropolitan area which has experienced the strongest economic recovery.



WHAT'S NEXT?

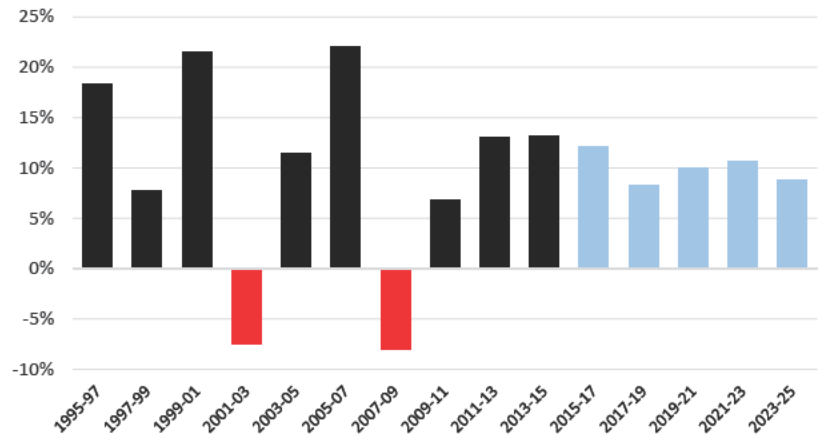
The U.S. economic expansion remains on solid footing for now. Few economic forecasters are warning that a return to recession is imminent. If correct and the expansion continues into the new biennium, national growth will be slower than Oregon's in recent years.

Oregon has been growing at a rate of 5,000 jobs per month as we climb out of the recession and pull workers back in from the sidelines. With workers now becoming harder to find, this rate of growth cannot be sustained going forward. Only 2,000 new jobs per month are needed to keep up with our growing population.

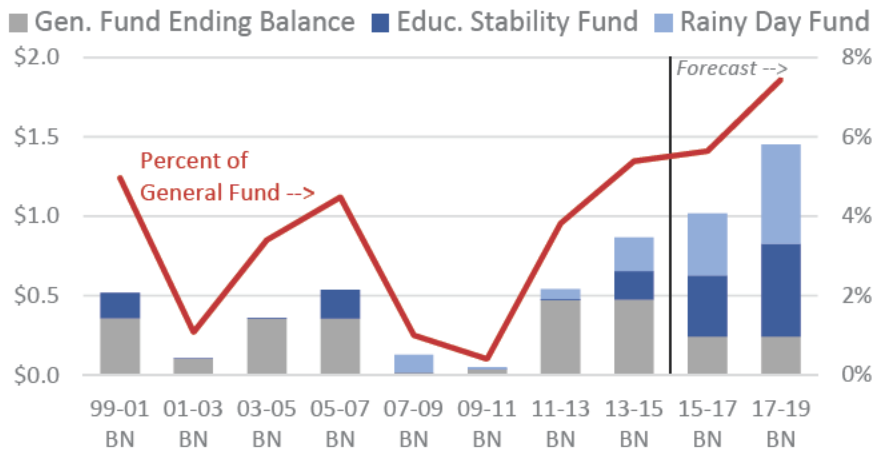
This sustainable rate of growth will not match what we saw in previous economic expansions. As baby boomers retire, Oregon's workforce will see slower growth even as people continue to move here.

As the baby boomer cohort works less and spends less, state tax instruments such as personal income taxes and general sales taxes will become less effective, and revenue growth will fail to match the pace seen in the past.

Biennial General Fund Revenue Growth



Oregon Budgetary Reserves (billions)



Source: Oregon Office of Economic Analysis

Going forward, Oregon's General Fund resources are only expected to grow 10 percent per biennium, not fast enough to keep up with the rising cost of public services.

As always, the primary risk facing Oregon's budget outlook is the threat of a nationwide economic downturn. Encouragingly, in the event of recession, Oregon currently has saved a larger amount of reserve funds than ever before. Due to new automatic deposits into Oregon's Rainy Day Fund and Education Stability Fund,

total budget reserves will surpass \$1 billion by the start of the biennium. Although these reserves will not cover all of the likely revenue shortfall caused by a recession, they are large enough to ease much of the pain.

2017-19 PROJECTED REVENUE SHORTFALL

Going into the 2017-19 biennium, Oregon's general fund and lottery revenues are projected to grow by \$1.3 billion. However, the cost to fund the current level of state services is projected to grow by \$2.7 billion, leaving a \$1.4 billion shortfall. Among the main drivers of this cost growth are:

- Increased state responsibility for healthcare costs, including the state's share of the cost to fully implement the Affordable Care Act after federal funds for start-up go away, as planned (\$1 billion);
- Increased state responsibility for funding public education by \$781 million; and
- The Public Employee Retirement System (PERS) unfunded liability in the aftermath of the Supreme Court's June 2015 decision striking down key elements of PERS reform (\$354 million).

Additionally, after the 2016 General Election, the projected shortfall for the 2017-19 biennium that was previously \$1.4 billion grew to more than \$1.7 billion.

This increase was caused by the fiscal impact of ballot measures that specify and redirect state spending, totaling \$357 million: \$19 million for services to veterans; \$294 million for career and technical education; and \$44 million for Oregon Outdoor School.



Medford, Oregon

►PRIORITY: SEAMLESS SYSTEM OF EDUCATION

For our children to succeed and thrive, Oregon is building a seamless system of education from cradle to career to ensure every student is ready to learn, on-track, and prepared for a future in which they can compete in the global workforce and be economically secure.

HIGH SCHOOL GRADUATION LAUNCHES CAREERS

Career success starts with a high school diploma. The Governor's top priority for education is increasing the number of students who graduate with a plan for their future.

The Governor's education budget maintains current service level funding for early childhood and K-12 education, with targeted investments to expand pathways of learning from cradle to career and achieve better outcomes for our students. It is a good start, but clearly insufficient to address important issues that impact outcomes: increasing the number of days students are in school, keeping class sizes reasonable, and avoiding teacher layoffs.

Oregon's class of 2015 included 11,826 students who did not graduate on time. These students were disproportionately students in poverty, students of color, students from tribal communities, and students with disabilities. Targeting resources toward effective strategies, practices, and interventions to better serve these students in rural and underserved communities are necessary to improve graduation outcomes:

Start early: Of the 40,000 children born in Oregon each year, roughly 40 percent are exposed to a well-recognized set of socio-economic, physical, or relational risk factors that have adverse effects and impose barriers to learning. Leveraging collaborative efforts between the state, regional partnerships, early learning and health care providers, schools and communities, can expand needed supports for families, ensure the healthy development of our most vulnerable children, and successfully lift non-academic barriers to learning. Affordable, high quality childcare and preschool options provide the opportunity for every child to enter kindergarten ready for school and reading proficiently by third grade. These partnerships and programs serving students from birth to age 5 also set the stage for more students graduating high school. The Governor's budget maintains current service level investments in Early Learning Hubs, Healthy Families Oregon, Early Intervention/Early Childhood Special Education, Relief Nurseries, Oregon Head Start Prekindergarten, and Preschool Promise and other programs. It also maintains state investments in Employment Related Daycare, but there is still significant unmet need for this service.

Replicate What Works: Oregon's Education Innovation Officer, charged with identifying and replicating strategies and programs proven to support student success, is working to help communities and school districts improve graduation outcomes. Such strategies support implementation of early indicator and intervention systems across all schools to ensure students at risk of not graduating can be identified in the earliest years of their education and provided supports and interventions to ensure they regularly attend school and learning stays on track. The Governor's Budget creates the Graduation Equity Fund with \$20 million for replicating scalable best practices.

Support Excellent Teaching: As Oregon's student population becomes more racially, culturally, and linguistically diverse, the state must also support and cultivate a culturally responsive workforce that meets the needs of each of its students. Teachers are the most important in-school factor impacting student achievement. They need ongoing support, mentoring, and professional development for new educators and school

administrators as they navigate their careers. The Governor's budget creates the Educator Advancement Fund within existing resources in support of expanding these opportunities through regional educator networks.

Expand Experiential Learning Pathways: Student learning in career technical education (CTE) and science, technology, engineering, arts, and math (STEAM), has been advanced through local partnerships and cross-sector regional coordination. The Governor's budget continues state support for regional CTE and STEAM networks, CTE Revitalization and STEAM Innovation grants, and invests \$141 million in new CTE formula funding to K-12 schools. This is a significant investment; any additional funding may impact funding for core education programs from early learning through higher education.

HIGHER EDUCATION FOR OUR FUTURE

Affordable, accessible higher education is essential to Oregon's future. A strong, stable system of community colleges and public universities in a variety of regions throughout the state serves our students, as well as local businesses and economies.

Our institutions of higher education are important local connectors, critical to establishing and maintaining key partnerships between government entities, educators, and businesses. The backbone of our workforce development efforts, access to post-secondary training opportunities and degree programs offered at Oregon's colleges and universities jump starts careers and prepares students to succeed in an increasingly global economy.

The Governor's budget allocates \$39.7 million to extend the Oregon Promise, our community college access program. Building on 2015 increases that expanded support to an additional 16,000 students, an additional \$11 million investment in Oregon Opportunity Grants over the current biennium helps about 5,000 more students and families pay for college. The Governor's budget maintains higher education at the equivalent of the 2015-17 Legislatively Approved Budget (LAB), with the exception of Sports Action Lottery which is not funded. Access and affordability to higher education opportunities are essential for Oregon's future, so this level of program reduction is unacceptable; one the Governor's Office will be working with the Legislature to address.

The Governor's budget includes \$350 million in state bond funding for facility investments at Oregon's colleges and universities statewide.

Additionally, as recommended by the Campus Safety Work Group Governor Brown convened after the violence at Umpqua Community College, her budget includes \$15 million in bonding funds for security improvements at campus facilities.

►PRIORITY: THRIVING STATEWIDE ECONOMY

Job growth, particularly in Oregon’s rural areas, is essential to a thriving economy statewide. State government plays an important role in partnering with new and expanding businesses to create jobs.

One of the ways state government can help businesses and local economies grow is by making critical investments in infrastructure throughout the state, such as:

- Supporting high quality public education that prepares the strong and diverse workforce businesses need,
- Workforce development/training programs for Oregonians already in the workforce,
- Improving and upgrading our roads and bridges, and expanding public transit to get workers to their jobs and Oregon products to market in an efficient, safe, and cost-effective manner, and
- Funding water infrastructure projects to conserve and distribute precious water resources more efficiently, benefiting local communities, particularly in rural areas, economies, and ecosystems

TRANSPORTATION TO MOVE OREGON FORWARD

Oregon’s roads are crumbling and our bridges are aging. The Governor’s Transportation Vision Panel found that communities in every corner of our state face tremendous challenges with deteriorating infrastructure and mind-numbing traffic.

Traffic is also a roadblock to a thriving Oregon economy. Investments in Oregon’s transportation infrastructure help break this roadblock by creating thousands of jobs for Oregon workers, jump-starting prosperity, and supporting Oregon’s small businesses. Generations of Oregonians invested tens of billions of dollars to build our transportation system, but there are insufficient resources to maintain, much less expand it. To move Oregon forward, we must:

- (1) Invest in maintenance to keep up our roads and bridges in good repair,
- (2) Reduce bottlenecks to help move freight more efficiently,
- (3) Invest in transit to meet the needs of growing communities, and
- (4) Commit to improving the seismic resilience of ports, bridges, and roadways.

The majority of Oregon’s more than 2,700 state highway bridges were built before 1970 and are near the end of their safe lifespan. Over time, decaying bridges will be closed to heavy truck traffic, forcing freight to detour long distances, leading to increased costs to move goods from Oregon’s farms, forests, and factories to expanding markets.

Public transit has become one of the most sought after transportation investments in Oregon. For many Oregonians — particularly students, seniors, and people with disabilities — transit is critical to meet their daily needs. For others, transit is increasingly important just to get around in congested communities and serves as a vehicle out of poverty for many working families.

Additionally, rapid population growth and increased traffic could challenge Oregon’s ability to meet long-range greenhouse gas emission reduction goals. Committing to seismic resilience, a 21st century electric vehicle network, and clean fuel targets will prepare Oregon to thrive for generations to come.

Earlier this year, Governor Brown convened legislators and stakeholders to ask them to start work on a significant and bold transportation package. Since then, the Legislature's Joint Committee on Transportation Preservation and Modernization spent months touring the state, talking to residents everywhere about their transportation needs and issues.

During the 2017 legislative session, Governor Brown will work with legislators on both sides of the aisle to craft a transportation package that will ensure Oregon's ability to invest significantly in long-overdue upgrades, expansions, and maintenance of roads, bridges, and public transit statewide.

FOCUS ON ECONOMIC & WORKFORCE DEVELOPMENT

Oregon's economy continues to perform as well, if not better, than any other state in the country. Employment is strong and most economic indicators show Oregon's productivity output continues to grow. But beyond the economic metrics, it's clear that the eight-year recovery from the great recession has not been even across the state. There are still glaring gaps where our economy can work better for all Oregonians and we must look to address those gaps in preparation for the next economic cycle.

Investing in Underserved Communities – Rural Oregon: Although there have been promising signs of growth in Oregon's rural economies over the past two years, the rate of growth in rural areas has not kept up with metropolitan areas. The Governor's budget makes targeted investments focused on rural Oregon to promote entrepreneurship and invest in critical infrastructure. On the heels of a successful pilot launch of the Rural Entrepreneurship Development Initiative, the Governor will make additional investments in this plan that strengthens local capacity for entrepreneurs of all kinds in rural communities. Helping local entrepreneurs develop their businesses creates opportunities for job seekers in those communities.

The Governor will also invest further in recapitalizing the Special Public Works Fund within Business Oregon's Infrastructure Division. The Special Public Works Fund provides funding for publically owned facilities that are critical to economic and community development in rural communities.

Encouraging Innovation: A strong, 21st century economy must have a robust innovation and entrepreneurship focus. The Governor has prioritized key investments in our innovation community with the hope that these investments will result in even greater collaboration by all the stakeholders involved. With an eye towards a redesigned model for the Oregon Innovation Council (Oregon Inc.), the Governor is continuing to invest \$17.5 million.

The Governor is also supporting a new initiative – creation of the Oregon Manufacturing Innovation Center – by reallocating existing resources within Business Oregon. The Center will be a model for future applied research and workforce training efforts.

Although no additional resources are allocated to the Oregon Growth Fund this biennium, the Governor will be seeking a permanent source of funding for this program that supports innovation and business development.

Cultivating a Strong, Skilled Workforce: Within the Higher Education Coordinating Council, the Oregon Workforce Investment Division helps streamline state investments in local workforce development programs. These investments go directly to training opportunities for Oregonians who are out of work or less experienced, and support job placement for these workers. The Governor's Budget maintains current funding for these services. Funding for Bureau of Labor and Industry's (BOLI) Apprenticeship and Training Division is maintained at current service level to encourage employer investments in training.

►PRIORITY: RESPONSIBLE ENVIRONMENTAL STEWARDSHIP

Oregon's natural landscapes and ecosystems are an important part of our state's past, present, and future. Clean air and clean water are critical to the health of people and the communities in which they live. Natural resources – agricultural lands, forests, fish, and wildlife – are cornerstones of our rural economies. Together with ongoing efforts to address and mitigate global climate change, this is the natural heritage we steward for Oregon's children.

Resource challenges constrain our ability to make investments commensurate with program needs. The strategic investments included in the Governor's balanced budget prioritize protecting environmental health, making Oregon more resilient, and investing in rural and underserved communities. With cleaner air, water, and environment, our people and communities thrive.

INVESTING IN UNDERSERVED COMMUNITIES: RURAL OREGON

Oregon's population is growing, and with it grow demands for water, land, energy, and economic development. At the same time, the impacts of climate change are sweeping, hitting rural areas, low-income families, and communities of color the hardest and amplifying existing disparities.

Oregon's rural and historically natural resources-centric economies are struggling to create opportunities for living-wage jobs. The Governor's budget makes investments to support rural communities and the natural resources on which they rely.

Water for Our Economy, Communities, and Ecosystems: Water is Oregon's lifeblood, and Oregonians are connected to our rivers and streams, fish that depend on those rivers, and bountiful Oregon agriculture that relies on water. The Governor's budget invests in actions needed to better manage our water resources and address challenges that a changing climate brings. The \$32 million in bond funding provides grants for water projects and feasibility studies to meet the needs of rural communities, agriculture, municipalities, and the environment. An investment of \$1.8 million doubles the state's capacity for groundwater studies, essential for rural communities' water needs and responsible long-term management of groundwater. Further, a \$1.1 million investment enhances water management in the field through additional staff to manage water and improve data collection, and a new field conservation coordinator to facilitate conservation actions as recommended by the Drought Task Force. The budget continues investments to protect stream flows for fish health.

Creating Jobs by Restoring Federal Forest Lands: The Governor's budget invests \$4.4 million to accelerate the pace, scale and quality of restoration on our federal forests, reducing the risk of catastrophic wildfires and enhancing ecological health. This commitment continues work that led to a 16 percent increase in restoration-related jobs and a 14 percent increase in federal timber harvest across eastern Oregon in recent years.

Protecting Sage Grouse Habitat and Rangeland Health: Recovery from the Great Recession has been slower in Central and Eastern Oregon, home to the threatened, iconic Greater Sage Grouse, as well as a cattle industry production valued at more than \$500 million, the second highest agricultural commodity in Oregon. Oregon's Sage Grouse Action Plan successfully avoided a federal listing of the sage grouse through collaboratively developed local solutions. The Governor's budget continues investments in healthy sage grouse habitat and rangelands for Oregon's ranching community. Additionally, \$650,000 helps Rangeland Protection Associations combat wildfires, protecting sage grouse habitat and the economy. The budget allocates \$190,000

of state funds to leverage an additional \$760,000 in Federal Funds, for a total of \$950,000 for staff at ODFW to work with landowners to develop conservation plans for sage grouse and other species.

Improving Fish Hatcheries: The Governor’s budget authorizes \$10 million in bonding for projects to upgrade and improve hatcheries in Cedar Creek, Alsea, Trask, Rock Creek, Sandy, Elk River, Wallowa, Salmon River, and Oak Springs. This investment will create short-term construction jobs and preserve long-term hatchery jobs in rural Oregon.

ENVIRONMENTAL HEALTH SUPPORTS PUBLIC HEALTH

Cleaner Air Oregon: Governor Brown’s budget prioritizes Cleaner Air Oregon, the joint effort between the Department of Environmental Quality (DEQ) and Oregon Health Authority (OHA) to improve air quality for people living, working, and attending school near industrial manufacturing facilities. The \$2.5 million investment expands DEQ’s air toxics monitoring in various locations across the state. An additional \$0.7 million investment enhances OHA’s resources to assess risk to public health under the new air toxics monitoring and permitting regulations.

Addressing Diesel Emissions: The Volkswagen settlement agreement settles legal claims that Volkswagen violated federal engine emission certification standards. Oregon’s funding under the settlement will be used to reduce harmful emissions from diesel engines. The Governor’s budget authorizes \$10 million for this biennium of the settlement’s \$68 million available to Oregon to reduce diesel emissions, and the Governor’s Office will be working with the Legislature to put these funds to good use.

Clean Water Investments and Permit Reform: The budget includes \$10 million in bonding for DEQ’s Clean Water Revolving Fund, which supports community investments in clean water infrastructure. An investment of \$500,000 begins work to reform the water permit program to address a growing backlog of expired water quality permits. Expired permits can be a barrier to new and expanded facilities and may not always reflect the most current clean water requirements.

Improving Public Access to Environmental Data: The Governor’s budget dedicates \$7.7 million in bonding and state resources for DEQ’s Environmental Data Management System, critical to more efficient and effective air, water and land permits and protection as well as improving public access to environmental data. This is Phase 1 of a multi-year investment needed to support Cleaner Air Oregon and Water Permit Reform implementation.

Early Cleanup Actions for Portland Harbor Superfund: Governor Brown invests \$10 million in bond funding to jump-start cleaning up the harbor. Contamination in some areas of Portland Harbor exceeds human health benchmarks by close to 500 times the desirable levels, and particularly affects fish that provide food for lower-income families, tribal members, and recreational fishers. Every year of delay in cleanup is another year of unacceptable exposure of people to high levels of contamination.

This investment also supports restoration of family-wage jobs in one of the most important employment centers in Oregon. Nearly 30,000 jobs are directly created by the firms located within Portland Harbor, and those jobs in turn generate \$1.5 billion of direct wage and salary income for an average salary of \$51,000. Positioning Oregon to move quickly following EPA’s release of its cleanup decision will unlock key industrial lands that are now vacant or underused for new investment and employment.

Cleaning Up Orphaned and Abandoned Contaminated Lands: \$10 million in bonding allows DEQ to clean up 25 highly contaminated sites throughout Oregon, with a focus on contamination that directly affects public health including groundwater wells (City of Lebanon), contaminated fish (upstream of Portland Harbor), and breathing asbestos fibers (Northridge Estates in Klamath County). The funding also maintains operation and maintenance of cleanup remedies at federal Superfund sites, such as McCormick and Baxter in Portland.

Protecting Children and Families from Lead Paint Exposure: The majority of lead poisoning results from exposure to deteriorating painted surfaces and building renovation activities that generate lead paint chips and dust; home renovations and repair contribute to nearly half of the childhood lead poisonings in Oregon. The Governor's budget funds DEQ to work with the OHA to convene agencies, stakeholders, and scientists to recommend improvements to the state's programs to prevent lead poisoning.

IMPROVING COMMUNITY RESILIENCE STATEWIDE

Seismic Resilience: For Oregon's communities and economy to thrive, we must be resilient to a Cascadia earthquake, tsunamis, drought, wildfire, and other natural hazards. In addition to investing in a resilient water infrastructure through \$32 million in bonding for water grants and \$200 million in seismic preparedness for schools and emergency services buildings, the Governor's budget begins sustained community planning for a Cascadia earthquake. A \$250,000 investment supports grants for five local community hazard mitigation plans, with a focus on seismic risk and tsunami inundation areas.

The budget also funds the Oregon Department of Geology and Mineral Industries (DOGAMI) resources to provide hazard maps to inform local government preparedness, and Department of Land Conservation and Development staff to help communities take actions to improve resilience.

Resilience to Natural Hazards: The Pacific Northwest continues to experience a variety of natural hazards that threaten public safety and community resources. In addition to seismic investments, referenced above, the Governor's budget includes funding for resilience programs that identify key risks and potential solutions to natural hazards, such as landslides, drought, and fire.

The budget provides resources to better understand and manage groundwater on a basin-wide scale. It provides bonding for water resources projects and feasibility studies that assist communities and the state in proactively meeting the challenges of drought, development, and climate change.

Finally, the Governor's budget sets aside funding for the costs of fighting wildfires that are occurring with increasing frequency.

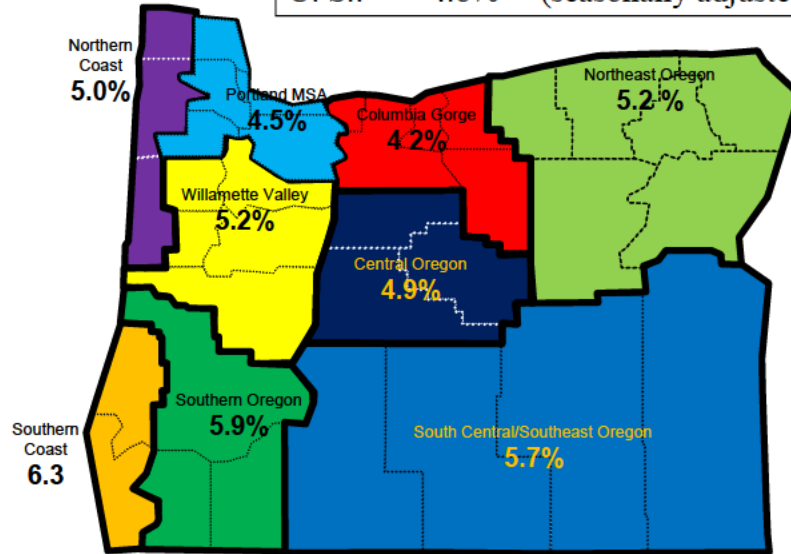


Sumpter Valley, Oregon



Unemployment Rate by Region, September 2016 (Not seasonally adjusted for counties)

Oregon: 4.9% (seasonally adjusted: 5.5%)
U. S.: 4.8% (seasonally adjusted: 5.0%)



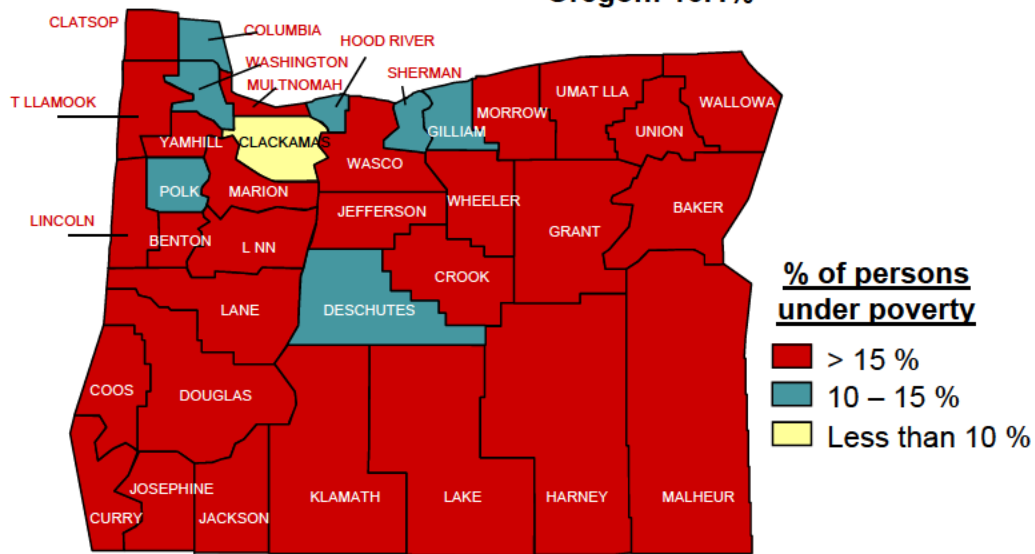
Source: Oregon Employment Department

Office of Economic Analysis



Estimated Poverty Rate, 2014

Oregon: 16.4%



Source: U.S. Census Bureau, Small Area Estimates Branch

Office of Economic Analysis

►PRIORITY: HEALTHY, SAFE FAMILIES AND COMMUNITIES

HEALTH CARE IS FUNDAMENTAL

Health is foundational; a linchpin for thriving communities. Health care is critical to improving the lives of children and families, particularly for vulnerable populations, such as those living in poverty. Healthy children are more likely to do well in school, while healthy adults are able to work and provide for themselves and their families.

Oregon's innovative coordinated care model and prioritized list of services have transformed our health system, expanding access to health care for more Oregonians, while holding down costs. Oregon's ability to create a new model of integrated, coordinated care means more than 400,000 additional Oregonians are now covered by health insurance. Quality and outcomes have improved, while Oregon has reduced inflation costs per person from 5.4 percent to 3.4 percent. The reduction translates into billions in savings to the state and federal government. Oregon has been successful in expanding coverage; to date, 98 percent of children and nearly 95 percent of all Oregonians now have coverage, thousands of whom are employed.

Still, the state's health system faces a number of financial hurdles. The Oregon Health Plan, the state's Medicaid program, is funded by both federal and state dollars, with the federal government covering a majority of the total program costs in 2017-19. Even with the federal resources, there is a \$934 million deficit Oregon must make up in order to cover its share. This is due to reductions in federal money, including funds intended to help states expand Medicaid, and ending one-time monies. While Oregon must assume a larger share of the Medicaid expansion in the next biennium, the federal government still covers, on average, 94 percent of the Medicaid expansion in 2017-19.

We cannot go backwards with health care coverage. We must provide robust health care coverage to the more than 400,000 Oregonians who now rely on this coverage to meet their basic health needs and to access preventative services that help keep children and families healthy. This is a wise investment for Oregon.

There are a number of opportunities in the budget that will have lasting and positive impacts for Oregon children and families. The Governor's budget includes \$55 million to extend health care coverage for all kids, an estimated 13,000 to 15,000 young people, according to the Oregon Health Authority. Cover All Kids improves equity in the health system by making coverage available to all children who are zero to 300 percent of the federal poverty level.

Additionally, the state continues to see rising prices for prescription drugs. Over the last few years, pharmacy costs have continued to rise and put a strain on the Oregon Health Plan's budget. Per person costs for coordinated care organizations (CCO) increased between 2014 and 2015 by 7 to 9 percent for generic drugs and 19 to 21 percent increase for brand drugs. Specialty drugs, meaning drugs that cost more than \$600 a month, have increased between 26 to 28 percent per person in that same period. Expenditures for Hepatitis C specialty drugs increased dramatically in past few years. The increased cost has been driven primarily by higher drug prices and costly new treatments.

The Governor's budget reflects the shared responsibilities system-wide for health care costs and a sustainable coordinated care program. This includes increases in taxes on hospitals and insurance companies, decreases in CCO and agency administrative costs, and reductions in inflation in provider rates and CCO budgets. The health system as a whole has fared well under Oregon's system and the expansion of coverage, and

uncompensated care costs have dropped precipitously. Both hospital revenue and CCO reserves have grown significantly since the expansion of coverage in 2014.

In addition to the efforts OHA is making to ensure program integrity and cost-effectiveness, Oregon must continue to focus on prevention and social determinants of health as a way to look upstream and identify and address the root causes of health outcomes. The Governor's budget also maintains the current benefits package under the Oregon Health Plan, including critical prevention services such as dental care and comprehensive women's reproductive health services. The Governor's budget also directs the Oregon Health Authority to undertake an initiative to reduce unintended pregnancies on the Oregon Health Plan, estimated to save \$10 million a biennium.

Health begins where we live, learn, work, and play. We know that 85 percent of what impacts health is a result of factors outside of the doctor's office. Social determinants are also a primary driver of health inequity. For instance, we know housing plays a huge factor in one's health. Recent studies have found that Medicaid expenditures decreased significantly after people moved into stable housing. The Governor's budget includes \$70 million, plus an additional \$300 million in bonding, to expand affordable housing statewide.

Oregon also has an opportunity to continue to push for more integration and improvements to mental health and addictions. The Governor will continue the significant mental health investments that were made by the Legislature in the 2013-15 and 2015-17 budgets, including housing for people affected by mental illness.

TAKING CARE OF OUR OWN

One of Oregon's greatest responsibilities is ensuring the health and well-being of her people, particularly for the most vulnerable populations.

Access to affordable housing continues to be a barrier statewide. The high cost of child care may prevent families from returning to work or puts undue economic burden on them. Hunger is still an issue for Oregon children and families. For young people, the transition from school to higher education or work is difficult, particularly for people with disabilities. Oregon has a higher rate of youth entering the foster care system and higher-than-average rate of reported abuse while in foster care.

Governor Brown will name a broadly representative Children's Council at the state level, to support the cross-system collaboration and coordinated care happening in local communities to optimize resources in support of child and youth well-being. Oregon is also working to address over-representation of children of color in foster care through the Differential Response system. This program is intended to keep children safely at home and provide stronger placement, prevention, and family reunification services to reduce the number of African American and American Indian/Alaska Native children in foster care.

Protecting Kids in Foster Care: All children deserve the opportunity to thrive. The Governor's Budget maintains funding for core services and provides additional resources to the Child Welfare program to ensure we are meeting our obligations to our most vulnerable kids. Having a strong and well supported family foster care system is critical to making sure there is safe and nurturing family foster care available for Oregon children in need. This budget includes a long-overdue and much needed rate increase to support foster families and for Behavioral Rehabilitation Services (BRS). Additionally, the budget provides funding so that DHS has better support to protect children in child dependency cases. Investments in child welfare will improve outcomes for children in terms of safety, education, and health and reduce costs across multiple government systems.

Financial and Housing Stability for Families: There are still too many Oregonians who are struggling to make ends meet. The Governor is committed to stability and preparing Oregonians for employment so they are equipped to move out of poverty. The Supplemental Nutrition Assistance Program (SNAP) and Temporary Assistance for Needy Families (TANF) provide an economic lift and access to nutritious foods for struggling households. Also, the SNAP Employment and Training program assists clients in gaining job skills, which adds to the diversity and strength of Oregon's workforce. TANF is the life line of last resort for approximately 24,000 families and 42,000 children. The Governor's Budget continues investments in TANF and SNAP programs - maintaining eligibility in addition to ongoing support of the TANF program redesign.

The budget continues to invest in the Employment Related Daycare (ERDC) program. However, with this investment, the program is still not adequately meeting the needs of Oregonians who rely on affordable day care to maintain their jobs.

The budget also includes \$70 million in bond funding to expand affordable housing and housing preservation, and bonding capacity to provide \$300 million in loans to help first-time homebuyers and historically disadvantaged populations. Governor Brown will name a working group focused on expanding shelter care for survivors of domestic violence and has set aside \$2.5 million for the Dept. of Housing and Community Services for that purpose.

Aging and People with Disabilities: Oregon has a long standing reputation of supporting the dignity and independence of our aging population and people with disabilities through opportunities for community living, employment, family support, and long-term services.

The Governor's budget protects current eligibility criteria and supports a staffing level to allow seniors to continue to live independently. The budget also continues investments in Aging and Disability Resource Connection mental health funding. The budget also continues to fund the development and implementation of a statewide system for tracking, reporting, analyzing and investigating incidents of adult abuse.

The costs and complexity of providing Oregonians with services continues to increase significantly. In order to fully fund these increases and protect the most vulnerable populations within the Adults and People with Disabilities (APD) program, difficult choices had to be made. The Governor's budget reduces Oregon Project Independence (OPI) expenditures, and reduce premiums paid to nursing facilities for complex medical add-on issues, while eliminating the General Assistance program.

Intellectual/Developmental Disabilities: The Oregon Intellectual/Developmental Disabilities (I/DD) program strives to support choices of individuals with disabilities and their families within communities by promoting and providing services that are person-centered, self-directed, flexible, community-inclusive, and culturally appropriate.

Oregon no longer has an institutional facility for persons with developmental disabilities, so all clients are served in the community. Most of these services are administered under Medicaid waivers, including the Community First Choice Act Waiver (the "K" plan).

The Governor's budget makes a significant investment in addressing the need to develop a stable and well-trained workforce to serve people with intellectual and developmental disabilities.

The Stabilization and Crisis Unit (SACU) is also part of this program. SACU provides a safety net for Oregon's most vulnerable individuals with development disabilities. SACU focuses on supporting people in community-based settings and preparing them to return to less intensive levels once stabilized. With the implementation of

the “K” plan, this program continues to experience a significant increase in the cost and complexity of serving I/DD clients.

In order to fully fund these increases, certain tradeoffs were necessary. While continuing to protect the eligibility requirements for individuals to qualify for assistance and maintaining the rates for Personal Support Workers, the budget reduces the percentage paid to Community Developmental Disability Programs and Brokerages for the services they deliver to these clients; eliminates the Family to Family Network program; and eliminates funding for certain regional staff.

This level of service reduction for seniors and people with disabilities is unsatisfactory, and the Governor’s Office will be working with legislative leaders to seek to address them during the session.

FOCUSED RESOURCES FOR PUBLIC SAFETY

Oregon spends too much of its limited resources incarcerating Oregonians. That is why Governor Brown maintains strategic investments in education, mental health, alcohol and drug treatment and other programs proven to help people be successful, self-sufficient, and avoid the criminal justice system.

The Governor’s budget continues to fund the Justice Reinvestment Act in an effort to reduce recidivism of offenders, ensuring that those involved in the criminal justice system have the best chance to succeed and get back on track.

Core Services for Safe Communities: The safety of people in their homes, neighborhoods, places of work, and communities is paramount. The Governor’s budget gives priority to the delivery of core law enforcement and public safety services, including:

- Maintaining Oregon State Police (OSP) patrol troopers, who are critical to the safety of our highways and communities, particularly in rural areas.
- Maintaining investigator resources in OSP’s Major Crimes unit. In order to ensure the Major Crimes Team remained intact reductions to the number of drug crime investigators were required.
- Dedicating \$1.6 million to bring on additional OSP staff to address the backlog of unprocessed Sexual Assault Forensic Evidence (SAFE) kits.

Additionally, overcrowding at Coffee Creek Corrections Facility puts a strain on the women in custody and the corrections employees who supervise them. Therefore, the Governor’s reluctantly funds opening Oregon State Penitentiary-Minimum as the second facility for women, but she will be working to identify alternatives during the legislative session.

Continue Justice Reinvestment: Oregon’s Criminal Justice Commission continues to utilize data to help corrections system partners track how their investments effect the bigger state system, which is helping identify more efficient uses of prison beds. Governor Brown is committed to the Justice Reinvestment Act , Oregon’s cost-saving community based approach that delivers positive outcomes while reducing capacity pressures on the state corrections system.

Rehabilitate Youth: The budget also fully funds the Young Women’s Transition Services and other rehabilitation programs that offer Oregon youth in the custody of the Oregon Youth Authority (OYA) a chance to turn their lives around. By using the Youth Reformation System, the state is better equipped to ensure the best placement for juveniles who are involved at several points within the system. OYA has taken to heart the use of data in making decisions, and their focus on the best outcomes for young people who become criminally involved has resulted in many success stories.

Address System Inequity: Communities of color remain disproportionately represented in the criminal justice system. Actions to address economic and social inequity, such as reclassification of certain drug offenses, can also reduce resource demands on the justice system. Under current Oregon law, Possession of a Controlled Substance results in a felony conviction. The collateral consequences of a felony conviction can include barriers to housing and employment, which is why Governor Brown supported the “Ban the Box” legislation. She also supports the recommendations of the Attorney General’s 2015 Racial Profiling working group.

Drug policies have focused on punishment rather than the addiction that drives the decision to use a controlled substance. The Criminal Justice Commission’s data confirmed that enforcement of these drug laws was disproportionately affecting minorities. The Governor’s Office will introduce legislation in the 2017 session to reduce simple drug possession crimes from Class C felonies to Class A misdemeanors.

Serving Those Who Have Served Our Country: From the Greatest Generation to the latest generation, Oregon’s veterans and their families deserve our deepest thanks and dedicated resources to ensure their health, education, and economic opportunity. In this budget, Governor Brown invests in veteran services at the local and state level to ensure we leverage veterans’ federal earned benefits.

In recognition that many public and private partners are serving Oregon’s veterans, the budget also invests to mobilize these partnerships to better support student veterans on campus, ensure all veterans have access to mental health resources, and prevent veterans from becoming homeless.



STATE OF OREGON

Department of Administrative Services

Chief Financial Office

155 Cottage St. N.E.

Salem, OR 97301-3965

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From: [ROMAN Linda * GOV](#)
To: [VANDEHEY JEREMY](#); [EVANS Janell R](#); [MACDONALD Thomas * DAS](#); [EDLUND Tina * GOV](#); [JAGGER Dawn](#)
Cc: [ROMAN Linda * GOV](#)
Subject: Governor's Recommended Budget 19-21- OHA Data Request
Date: Tuesday, November 13, 2018 11:33:59 AM
Attachments: [OHA Last Biennium 2017-19Gov'sBudget.docx](#)
Importance: High

Hi Jeremy,

We've begun to start writing the Governor's Recommended Budget and have identified key elements and data points we would like to highlight. In terms of metrics could you please pick key metrics you think we should emphasis and send us those points? Additionally, we would like the following points updated, a lot of these were pulled from 17-19 GRB. In terms of timeline, we have to turn around a draft by 11/16 Friday, could you have these points by tomorrow? I attached the last budget narrative.

Key data points needed:

- Approximately 1,439,500 individuals receive health care coverage through OHP, PEBB, and OEBC;
- Approximately how many children have coverage?
- Approximately 45,000 individuals receive behavioral health support and treatment services through local community mental health and substance use disorder programs;
- Over 600 individuals receive mental health care through the Oregon State Hospital system; and
- Data point on disease prevention and wellness services provided by the Public Health Division.

-ER Utilization and Primacy Care Enrollment Numbers

- OHP has seen improvements in decreased emergency department visits per 1000 member months, decreased hospitalization for chronic conditions, and increased primary care. (Graphs were used to demonstrate decline of ER visits and increase to primary care).

-Developmental Screening Numbers

-Mental Health and Addictions

-Reducing Pregnancies

-Equity & Rural Health Access

-PEBB/ OEBC Enrollment numbers

-Other points?

Thank you!

Linda

Linda Roman, Deputy Healthcare Policy Advisor

Office of Governor Kate Brown
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Executive Assistant Coline Benson
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From: MACDONALD Thomas * DAS
Sent: Tuesday, November 13, 2018 10:25 AM
To: EDLUND Tina * GOV <Tina.EDLUND@oregon.gov>; ROMAN Linda * GOV
<Linda.ROMAN@oregon.gov>
Subject: OHA Budget Narrative

The attached Word document is the OHA write-up from the Governor's 2017-19 budget book. The table at the top is blank for no other reason than our admin staff cleared them out for us to update for 19-21 (I simply grabbed the most easily accessible version).

The attached PDF is the condensed version of the 17-19 budget proposal, but let me know if you were looking for something else.

Thanks.

Tom MacDonald
Policy and Budget Analyst
Chief Financial Office
Department of Administrative Services
503-586-6689

Oregon Health Authority

General Fund			
Lottery Funds			
Other Funds			
Federal Funds			
Other Funds (Nonlimited)			
Federal Funds (Nonlimited)			
Total Funds			
Positions			
Full-time Equivalent			

OVERVIEW

The 2017-19 Governor's Budget for the Oregon Health Authority (OHA) reinforces the state's commitment to making the health of Oregonians a core foundation of the state while ensuring the health care delivery model is sustainable during a time of rising costs and reduced federal funding. The budget helps achieve critical health care outcomes through strategic investments, revenue reforms, and cost savings measures – all while preserving health care benefits and eligibility and holding the state's health care programs to high standards.

OHA achieves its mission of helping people and communities reach optimum physical, behavioral, and social well-being through the following health care programs: Oregon Health Plan (OHP), Non-Medicaid behavioral health services, the Oregon State Hospital, Public Health, Health Policy and Analytics, the Public Employees Benefit Board (PEBB), and the Oregon Educator's Benefit Board (OEBB). The nine-member Oregon Health Policy Board also serves as the policy-making and oversight body for OHA and helps ensure access to quality, affordable health care for all Oregonians and to improving population health.

The OHA budget directly impacts a significant portion of Oregon's population:

- Approximately 1,439,500 individuals receive health care coverage through OHP, PEBB, and OEBB;
- Approximately 45,000 individuals receive behavioral health support and treatment services through local community mental health and substance use disorder programs;
- Over 600 individuals receive mental health care through the Oregon State Hospital system; and Every Oregonian benefits from disease prevention and wellness services provided by the Public Health Division.

Today, nearly 95 percent of Oregonians have health insurance – an increase of 63 percent from 2013, and the Governor's Budget aims to push this higher so that no person in the state goes without access to health care. Overall, the Governor's Budget for OHA positions the state to improve people's health, leverage the state's power as a health care purchaser, reduce waste and inefficiency, and set clear standards for health care quality.

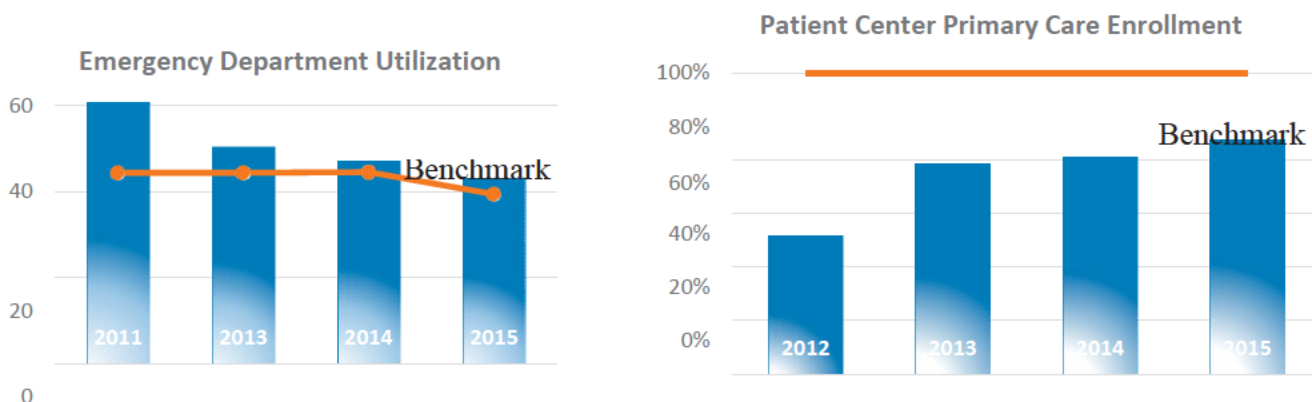
GOVERNOR'S BUDGET

The 2017-19 Governor's Budget for OHA is \$20,432.9 million total funds, which represents a decrease of one percent from the 2015-17 Legislatively Approved Budget (LAB). The General Fund budget totals \$2,167.9 million and represents a one percent increase compared to the 2015-17 LAB. The Governor's Budget invests in OHA to achieve three key goals: making health care foundational; protecting children and underserved areas; and implementing shared responsibility for funding a sustainable health care program.

- **Making Health Care Foundational:**

Comprehensive Health Care Benefits and Eligibility – In a time of challenging budget constraints, the Governor's Budget preserves the strong benefits and eligibility of OHP. Low-income adults, children, pregnant women, and individuals with disabilities will continue to have access to OHP's physical, behavioral, and oral health care services.

Health Care Outcomes – OHP members continue to have access to a transformed health care system where reimbursement for Medicaid services includes performance payments measured on how well coordinated care organizations (CCO) perform on key health care measures. OHP has seen improvements in decreased emergency department visits per 1000 member months, decreased hospitalization for chronic conditions, and increased primary care. Examples of two specific measures are displayed below.



Reducing Unintended Pregnancies – Approximately 50 percent of pregnancies in Oregon are unintended. The Governor and OHA continue to place a high priority on improving women's health and reducing unintended pregnancies by implementing pregnancy intention screenings and providing effective contraceptives to women who do not wish to become pregnant. The Governor's Budget recognizes the state and federal Medicaid savings expected to be achieved through reducing the rate of unintended pregnancies across the state.

ONE System Enhancements – In 2015, OHA began a phased-in approach to launch the Oregon Eligibility (ONE) system for Medicaid eligibility and enrollment. The Governor's Budget builds on the system's progress and trajectory by supporting system enhancements to ensure it achieves its goal of automating and streamlining the eligibility and enrollment process for OHP applicants and caseload specialists.

Oregon State Hospital Junction City Campus – The state should do its best to ensure people with mental illness live in the most independent care settings possible while receiving the appropriate treatment. For this reason, the Governor’s Budget plans to close the Junction City campus of the Oregon State Hospital after the first year of the 2017-19 biennium and transition patients to community care settings.

Cleaner Air Oregon – Protecting Oregon communities from environmental health risks, such as hazardous air pollutants, is imperative to keeping Oregonians safe and healthy. Environmental health issues disproportionately affect low-income and minority communities. The Governor’s Budget enhances the Public Health Division’s ability to support and implement health-based environmental protections by investing in the Cleaner Air Oregon initiative. This investment in OHA works in conjunction with similar Cleaner Air Oregon investments in the Department of Environmental Quality also aimed at reducing public health risks arising from hazardous pollutants.

- Protecting Children and Underserved Areas:

Cover All Kids - The Governor’s Budget not only maintains the state’s robust health care coverage for low-income Oregonians and their families, it also expands access to all low-income children in Oregon. This initiative is supported with \$55 million General Fund and will provide OHP coverage to children who do not qualify for Medicaid solely because they do not meet federal citizenship and immigration status requirements. The Governor’s initiative reflects the return on investment achieved when children have health insurance coverage – they have fewer emergency room visits, have improved social and emotional functioning, do better in school, miss fewer school days, and are more likely to graduate school and go to college.

Implementation of Behavioral Health Investments – The 2015-17 OHA budget includes partial-biennium state fund investments of \$22 million for Oregon’s mental health system and \$6 million for new addiction services. The Governor’s Budget fully implements these investments in 2017-19. Combined with the \$45 million in Medicaid expansion savings reinvested in the mental health community in 2013-15, the Governor’s Budget maintains a strong funding level for non-Medicaid behavioral health services in the state.

Hepatitis C Treatment Expansion – New breakthrough therapies to treat Hepatitis C with high rates of success became available in the past few years, although at a steep cost per patient. OHP has been providing treatment to Hepatitis C patients with higher stages of the disease; however, these treatments have presented a challenge for the state to stay within budgetary thresholds. The Governor’s Budget recognizes the challenge of these increasing costs and invests in expanding treatment to patients at earlier stages. Hepatitis C disproportionately affects minority communities and the Governor’s initiative will help put the state on the path of decreasing the number of infections and halting the spread of the disease.

- Shared Responsibility for Funding Health Care:
- Bending the Cost Curve – The Governor’s Budget continues to build upon the coordinated care model and applies it to all major health care purchasing. The budget continues caps on annual health care spending for PEBB and OEBB at 3.4 percent per member. The budget also reflects flat inflationary expenses for CCOs starting in January 2018 and reduces the administrative allowance included in CCO rates, in reflection of shared responsibility across the health system to operate within a sustainable budget.

Revenue Reforms – In prior biennia, a significant portion of OHP has been supported with one-time revenue no longer available in 2017-19. Additionally, the federal matching rate to support

the Affordable Care Act (ACA) Medicaid expansion population is permanently decreasing on a scheduled phased-down from 100 percent to 90 percent from 2017 to 2020. Finally, the federal match rate for the pre-ACA portion of the program is also expected to decrease in the next biennium. Inclusive of holding CCO inflation flat as discussed above, the Governor's Budget addresses the challenge of appropriately, sustainably, and equitably funding our health care system by reforming the way in which hospitals, insurers, and CCOs contribute to the system through assessments on their revenue. These reforms reflect that the health system as a whole has fared well through the significant expansion of coverage since 2014. For example, hospital revenues and margins have increased significantly since 2014, as have CCO margins and reserves.

- **Program Integrity and Fraud Prevention** – Detecting, preventing, and investigating fraud, waste, and abuse is pivotal to ensuring public resources maximize the health care benefits delivered to Oregonians. This is why the Governor's Budget invests \$7.3 million, of which \$1.6 million is General Fund, to enhance OHA's Office of Program Integrity. This investment will enable OHA to improve its program for investigating Medicaid and non-Medicaid fraud; provide better oversight of how the state's health care partners spend public resources; and comply with federal program integrity requirements. The return on investment of this initiative cannot be understated, which is why the Governor's Budget also recognizes a General Fund savings of \$15 million to reflect the benefit of increasing the state's program integrity capabilities.

REVENUE SUMMARY

Over 56 percent of OHA's budget is supported with Federal Funds, of which a significant portion represents federal Medicaid dollars matched with state funds. Federal Medicaid reimbursement is based on the Federal Medical Assistance Percentage (FMAP) and there are three key rates that determine how much state funding is required to support Medicaid caseload expenditures: Title XIX FMAP; the Affordable Care Act FMAP; and Children's Health Insurance Program FMAP. Other important federal revenue sources include the Mental Health Services Block Grant, the Substance Abuse Prevention Treatment grant, and various federal grants supporting the Public Health Division and Health Policy and Analytics. General Fund represents over 10 percent of the budget, a significant portion of which is used to match federal Medicaid dollars. Other Funds used to support the Governor's Budget for OHA include funds from the health care system, drug rebate revenue, tobacco tax, and tobacco master settlement agreement funding.

AGENCY PROGRAMS

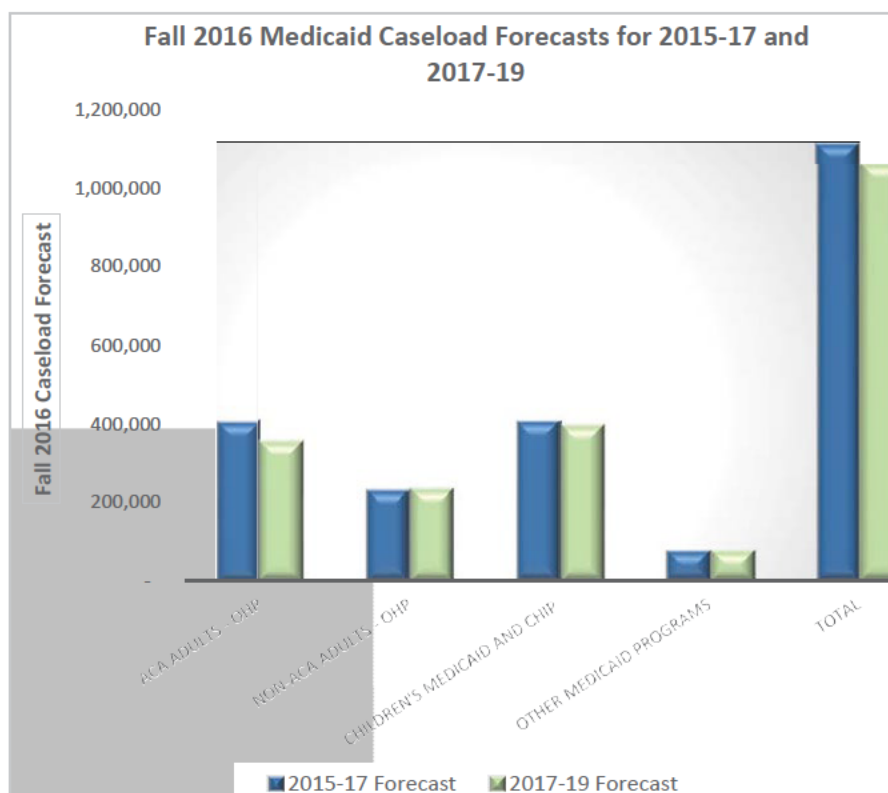
Health Systems Division

The Health Systems Division (HSD) ensures the systematic transformation of health care in Oregon by delivering integrated physical, behavioral, and oral health care services, strengthening the coordinated care model, and improving health outcomes through administration of the state's Medicaid and non-Medicaid programs.

Medicaid: OHA is the state designated agency responsible for Medicaid, which provides medical coverage to low-income adults, people with disabilities, children, and pregnant women. Most Medicaid coverage in the state is provided through OHP, which provides medical coverage for Medicaid under Title XIX of the Social Security Act, Children's Health Insurance Program (CHIP) coverage under Title XXI of the Social Security Act and Medicaid expansion under the Affordable Care Act (ACA). There are also Medicaid programs outside of OHP, including the

Citizen/Alien-Waived Emergency Medical and Qualified Medicare Beneficiaries programs.

Oregon's health care system has experienced significant changes over the past few years upon the creation of a new Medicaid delivery system through coordinated care organizations (CCOs) starting in 2012. The CCOs emphasize prevention and helping people manage chronic conditions; in turn, this helps reduce unnecessary and expensive medical services and supports healthy living. There



are currently 16 CCOs operating in Oregon covering over 900,000 Oregonians, or approximately 90 percent of the one million enrollees in the state's Medicaid program. Health System Transformation and the implementation of the coordinated care model focus on achieving the triple aim: better health, better care and lower costs. Another significant change in the state's health care system came with the January 2014 expansion of Medicaid authorized by the ACA to adults earning up to 138 percent of the federal poverty level. With the implementation of Medicaid expansion, the OHP caseload increased by approximately 400,000 individuals. Overall, the Medicaid caseload is projected to decrease by nearly 60,000 members from 2015-17 to 2017-19 based on the Fall 2016 forecast. Most of this change is anticipated in the ACA caseload, whereas other caseload groups are seeing upward pressure. Although the overall decrease in the caseload results in a total funds savings due to the decrease in the ACA caseload, the state fund costs increase because of the increase in the caseloads funded under the traditional FMAP rate. In other words, while the total caseload is expected to decrease, the part of the program of which the state has to cover a higher share of the cost is expected to increase, resulting in a net increase to the state budget challenge.

Despite the vast coverage provided by OHP, many low-income children remain without health care coverage in the state because of federal Medicaid restrictions regarding citizenship and immigration status. To bridge this gap and ensure children have health care coverage, the Governor's Budget invests \$55 million General Fund in the Cover All Kids program. This program will provide OHP benefits to children who meet the income eligibility threshold of CHIP, but otherwise would not qualify for Medicaid due to their citizenship and immigration status.

The Governor's Budget also invests \$196 million total funds, of which \$32 million is General Fund, to expand treatment of Hepatitis C to patients at an earlier stage of the disease. New anti-viral drug regimens for treating Hepatitis C came to market in 2013. These treatments have a

high cure rate, yet can cost over \$100,000 per patient for a course of treatment. OHP currently covers patients in the later stages of Hepatitis C. By expanding treatment to patients with an earlier stage of the disease, the Governor's budget helps the OHP population achieve optimum health and moves toward stopping the spread of the disease. Although the Governor's Budget does not include funding for CCOs to receive a rate increase in calendar years 2018 and 2019, this investment helps mitigate the strain these pharmaceutical costs have placed on CCO budgets.

In light of the one-time revenue no longer available to support OHP, as well as the decreased availability of federal funding, the Governor's Budget reforms how OHP is funded in the following key ways:

- Hospital Assessments – The budget revises the Hospital Assessment structure to make it a true tax and discontinues the Hospital Transformation Performance Program, thereby redirecting the program's funding to support OHP benefits.
- Insurance and Managed Care – The budget reinstates the insurance and managed care tax that expired in 2013.
- Coordinated Care Organizations - The budget does not fund 18 months of inflationary costs for CCOs, previously capped at 3.4 percent per member per year and reduces the allowed CCO administrative rate.
- Fee-for-Service – The budget does not provide a full inflationary increase for fee-for-service rates.
- OHA Funding – The budget includes a series of cost reduction measures to reflect the state agency's efforts to continuously improve operations and achieve administrative efficiencies. Together, these reforms reflect the shared contribution key OHP stakeholders must make to ensure the long-term financial sustainability of Oregon's Medicaid programs.

Non-Medicaid: The Non-Medicaid budget supports critical elements in Oregon's community behavioral health system that serve as the safety net for all Oregonians regardless of health care coverage. A significant portion of Non-Medicaid services are provided through community mental health programs and alcohol, drug, and gambling addiction treatment providers. An important focus of the Non-Medicaid system is to respond to individual and community crises and meet the immediate behavioral health needs for a defined population and geographic region. Non-Medicaid funds also purchase social support services for OHP members that are not included in the Medicaid benefit package, such as early outreach and engagement, peer-based recovery, and housing services. HSD works closely with OHA's Office of Health Policy and Analytics, Office of Equity and Inclusion, and CCOs to administer the system of care as well as achieve better health and better care at lower costs for all Oregonians by integrating physical and behavioral health services and promoting health equity.

The services provided through the Non-Medicaid program must be in compliance with an agreement reached with the United States Department of Justice (USDOJ) in 2012. This agreement requires the state to take steps to better provide individuals with serious and persistent mental illness with the critical community services necessary to help them live in the most integrated setting appropriate to their needs and achieve positive outcomes. The budgetary and programmatic decisions for Non-Medicaid continue to be made in accordance with the objectives of the USDOJ agreement.

A significant amount of state funding – \$210 million in total – has been invested in the Community Mental Health system in the last two biennia. Of the total amount invested, \$45 million represents reinvested savings resulting from the expansion of Medicaid coverage to

individuals whose behavioral health services were previously funded with state funds. The Governor's Budget for 2017-19 phases-in several Non-Medicaid program investments made in 2015-17 and recognizes savings due to a forecasted decrease in the Non-Medicaid caseload. The Governor's Budget otherwise maintains Non-Medicaid behavioral health funding at the elevated level after the 2013-15 and 2015-17 investments to help ensure strong access remains for these services.

The overall Health Systems Division budget, including Medicaid, non-Medicaid, and related administration, totals \$15,051.9 million, which represents a three percent decrease compared to the 2015-17 LAB. The recommended General Fund budget is \$1,463.6 million, which represents a one percent increase compared to the 2015-17 LAB.

Health Policy and Analytics

The Office of Health Policy and Analytics (HPA) provides policy support, technical assistance, and access to health information statistics and tools to all organizations and providers participating in Oregon's health system transformation, including programs within OHA. The key functions of HPA are: Health Policy; Clinical Improvement Services; Health Analytics; Health Information Technology; and Business Support.

HPA is largely supported by federal Medicaid dollars matched with General Fund. The program also receives Federal Funds through the CMS Children's Health Insurance Program Reauthorization Act grant, the CMS Adult Medicaid Quality grant, the Health Resources and Services Administration Primary Care grant, and Health Information Technology Electronic Health Records funds. The Governor's Budget phases-in several investments related to health care transformation made in 2015-17. The budget also transfers \$4.8 million for health provider incentive programs from the Higher Education Coordinating Commission (HECC) pursuant to Senate Bill 3396 (2015).

The Governor's Budget for HPA is \$151.7 million total funds, of which \$31.2 million is General Fund. The recommended budget represents a total funds increase of nine percent from the 2015-17 LAB and a 41 percent increase in General Fund, primarily due to the phase-in of 2015-17 investments and transfer of provider incentive program funding from HECC. A significant portion of this increase represents the phase-in of health care transformation continuation investments made in 2015-17.

Public Employees Benefit Board

The Public Employees Benefit Board (PEBB) designs, contracts for and administers health plans, group insurance policies and flexible spending accounts for state employees and their dependents, representing over 138,000 Oregonians. PEBB is entirely funded with Other Funds through premiums collected for all insured individuals. Premiums are collected from state agencies, universities, and self-pay members to directly cover the costs of the plans. For fully-insured plans, the premiums PEBB collects are passed through to the appropriate carrier. For self-insured plans, PEBB maintains the Stabilization Fund, which must have a sufficient balance to cover claims risk. PEBB has been actively managing cost increases and has projected its 2017-19 budget based on a sustainable rate of growth target of no more than 3.4 percent per member growth per year.

Instead of responding to increasing cost trends with one of the conventional approaches to controlling health care spending—reducing provider payments, changing covered benefits or shifting costs to members—PEBB is moving down a new pathway with its new health care partners to transform the delivery system for better efficiency, value and health outcomes. Since moving to self-insurance beginning in 2006, PEBB has experienced lower costs each year

compared to premiums collected.

The 2017-19 Governor's Budget for PEBB is \$1,895.8 million. This is an increase of six percent from the 2015-17 Legislatively Approved Budget.

The Oregon Educators Benefit Board

(OEBB) administers medical, dental, vision and other benefits for Oregon's school districts, community colleges, and education service districts. Additionally, with the passage of House Bill 2279 (2013), cities, counties and special districts became eligible to join the OEBB benefits program effective January 2014. OEBB designs and maintains a full range of benefit plans for eligible and participating entities to offer their employees and early retirees. OEBB's goal is to provide high-quality benefits for all eligible employees, early retirees, and their dependents at the lowest possible cost, and to work collaboratively with further advance the triple aim of health care. OEBB has prioritized choice in plan options for employers and employees as a savings option.

OEBB is funded through premium payments from school districts, community colleges, other government entities, and members. In the last several plan years, OEBB has had continued success at keeping its medical plan premiums lower than the overall trend of the state. As with PEBB, OEBB has been actively managing cost increases and has projected its 2017-19 budget based on a sustainable rate of growth target of no more than 3.4 percent per member per year.

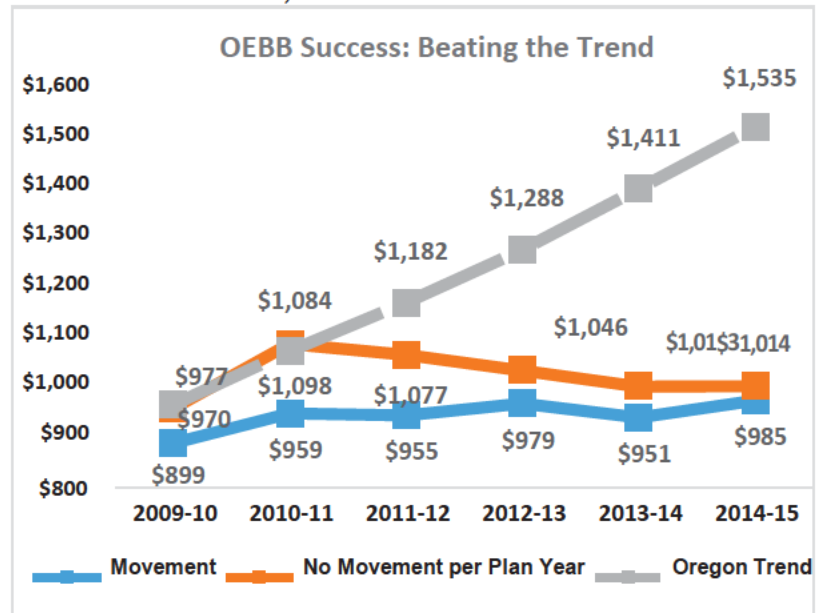
The Governor's Budget for OEBB is \$1,663.4 million Other Funds, which is an increase of seven percent from the 2015-17 Legislatively Approved Budget.

Public Health Program

The Public Health (PH) Division administers a variety of programs addressing behavioral and social drivers of health by working to ensure the physical and social environments promote health and make it easier for people to make healthy choices. PH programs can complement and amplify investments in health care programs and by focusing on prevention. They can have the potential to reduce the need for costly health care services. Oregon's public health system includes federal, state, counties and local agencies, private organizations and other partners. PH operates some programs directly and funds and coordinates other programs through the 34 local health departments across the state. At the state level of the system, PH plays a leadership role with the implementation of the ACA and health care transformation. Public Health has four general program areas overseen by the Office of the State Public Health Director:

- Center for Health Protection – Protects the health of individuals and communities through establishing, applying, and ensuring compliance with regulatory and health based standards. This includes protection from environmental health hazards, developing patient safety efforts, and quality improvement activities for all health care providers.

members, entities and insurance carriers to



- Center for Prevention and Health Promotion – Helps communities and residents achieve and sustain lifelong health, wellness, and safety. This includes prevention of chronic disease, child developmental delays, injuries and unsafe relationships, and physical and behavioral problems.
- Center for Public Health Practice – Prevents and controls diseases, monitors population health information, and ensures emergency public health services in natural and human-caused disasters.
- Office of the State Public Health Director – Provides scientific, fiscal, communications, and policy leadership to Public Health programs.

Public Health is primarily funded with Federal Funds and over 120 grants are categorically dedicated to specific Public Health programs. Public Health also collects Other Funds through fee-based programs. The 2017-19 budget either increases or establishes five different categories of fees consistent within meeting statutory requirements.

The Governor's Budget funds the Cleaner Air Oregon initiative in Public Health at a total \$720,300 General Fund. This initiative will improve the ability of OHA to protect Oregon communities from environmental health risks and reducing the rates of illness and decrease the overall costs of health care in Oregon. The Cleaner Air Oregon activities in Public Health will work in collaboration with two Cleaner Air Oregon initiatives the Governor's Budget also supports in the Department of Environmental Quality for Air Permitting and Air Toxics Monitoring.

The 2017-19 Governor's Budget for Public Health is \$648.3 million total funds, which is an increase of two percent from the 2015-17 LAB. The recommended General Fund budget is \$43.5 million, which is less than a one percent increase compared to the 2015-17 LAB.

Oregon State Hospital

The Oregon State Hospital (OSH) is an integral part of the statewide behavioral health system by providing psychiatric care for adults from all 36 counties at OSH's Salem and Junction City campuses. The hospital's primary goal is to help people recover from their mental illness and return to life in their communities. Patients receiving treatment in OSH fall into one of the following three commitment types:

- Civil - people who have been found by the court to be an imminent danger to themselves or others, or who are unable to provide for their own basic health and safety needs, due to their mental illness.
- Guilty Except for Insanity – people who committed a crime related to their mental illness.
- Aid and Assist – people who have been arrested but have been found unable to participate in their legal proceedings due to a mental illness and are in need of mental health treatment enabling them to understand the criminal charges against them and “aid and assist” in their own defense (often referred to as .370 population due to corresponding state statutory provision). The hospital has gone through significant programmatic changes in the past several years, underscored by the closure of the Blue Mountain Recovery Center in Pendleton and the Portland campus. The two remaining campuses have the capacity to serve up to 794 individuals, with 620 beds in Salem and 174 beds in Junction City. In November of 2016, OSH had about 625 individuals in its care, approximately 545 in Salem and 80 in Junction City.

The Governor's Budget plans for the closure of the Junction City campus after the first year of the 2017-19 biennium. This action will help transition patients to the appropriate treatment in independent settings. The budget also recognizes an anticipated increase in federal revenue through the certification of additional hospital beds with the Centers for Medicare and Medicaid.

The 2017-19 Governor's Budget for OSH is \$537.3 million total funds, which is an increase of three percent to the 2015-17 LAB. The General Fund budget is \$436.6 million, which represents a decrease of three percent.

Central Services

OHA Central Services provides the leadership and business support to achieve the agency's mission. This budget structure includes the Office of the Director and Policy, Communications, Human Resources, and Budget, Planning and Analysis.

- The Director's Office is responsible for the overall leadership, policy development and administrative oversight for the agency. This includes coordination with the Governor's Office, legislature, other state and federal agencies, tribal governments, partners and stakeholders, local governments, advocacy and client groups, and the private sector.
- The External Relations Division is responsible for building strong relationships with the public, media, legislature, and other agencies at the state and federal levels. The division also helps create a broad understanding of the ways in which OHA contributes to the health of Oregonians.
- The Fiscal Operations Division provides operational support and services to OHA. These include providing leadership and collaboration for strategic decisions of OHA programs through in-depth knowledge of OHA financial processes, federal programs and fiscal policy, business line funding streams, and state budget processes. The division also provides human resources services through recruitment and staffing, employee relations, organization and employee development, risk management, and human resource regulatory compliance.
- The Office of Equity and Inclusion works on behalf of OHA and the broader health system in the state to ensure the elimination of avoidable health care gaps and to promote optimal health in Oregon for everyone.

Central Services is funded based on a federally approved cost allocation plan where programs are charged for services to its respective state and federal funding sources. The 2017-19 budget makes several technical adjustments and includes an additional \$4.2 million General Fund to support the inclusion of OSH in the agency's cost allocation model. The Governor's Budget is \$36.1 million total funds, which represents an increase of one percent over the 2015-17 LAB. The General Fund budget is \$23.4 million, which is an increase of twenty percent, which is primarily due to the costs associated with the OSH cost allocation adjustment.

Shared Services

The Shared Services budget structure includes costs associated with business functions supporting both the Department of Human Services (DHS) and OHA under a joint governance agreement. Funding for Shared Services is based on cost allocation statistics, which determine the distribution of expenditures to OHA or DHS and the revenue distribution by General Fund, Other Funds, and Federal Funds.

OHA Shared Services contains the Office of Information Services and Information Security and Privacy Office. Within the DHS budget, the Shared Services contains: the Office of Forecasting;

Office of Financial Services; Office of Human Resources; Facilities; Office of Imaging and Records Management; Office of Payment, Accuracy, and Recovery; Performance Excellence Office; and Internal Audit offices. Shared Services is funded entirely by Other Funds transferred from different OHA and DHS programs through a federally approved cost allocation plan. The model contains a billing allocation module and grant allocation module.

The 2017-19 budget makes several adjustment to properly support the shared service expenditures of policy proposals funded elsewhere in the budget. These include the DHS Integrated Eligibility Project and Medicaid Management Information System Modularization. While the budget supports these investments, it does eliminate the Oregon Enterprise Data Analytics program in DHS, thus reducing costs to OHA. The Governor's Budget for Shared Services is \$163.1 million total funds, which represents a thirteen percent increase from the 2015-17 LAB.

State Assessments and Enterprise-wide Costs

State Assessments and Enterprise-wide Costs (SAEC) is the budget structure for payments to DAS and third parties for goods and services that serve the whole agency, such as facility rents, state data center charges, DAS risk assessment, DAS government services charges, unemployment assessments, mass transit taxes, computer replacement, and debt service.

SAEC is funded based on cost allocation statistics. This allocation method determines the distribution of expenditures to OHA and DHS, the revenue distribution by General Fund, Other Funds, and Federal Funds. The Governor's Budget for SAEC is \$285.2 million total funds, which represents an increase of four percent over the 2015-17 LAB. The General Fund budget is \$169.7 million, which represents an increase of five percent over the 2015-17 LAB.

From: [MACDONALD Thomas * DAS](#)
To: [EDLUND Tina * GOV](#)
Subject: RE: Budget language for OHSU IGT program
Date: Thursday, November 15, 2018 9:45:32 AM

Thank you. I will fold it in.

I have a few things to do this morning to lock down the OHA budget. It's this big to-do with reconciling things in our budget system (think Tron) and doing a "post-appeals" write-up. But as I mentioned yesterday, I have started on the write-up for the budget book and am planning to get you the first section later day. This section will address the major budget issues, so it will be the brunt of the work. I've started down the path of identifying 3-4 interrelated themes to organize and talk about things like the new revenue and investments.

My rough outline is something like this:

1. Helping Children Achieve their Full Potential
 - a. Home Visiting; Intensive In-Home Services
 - b. Project Nurture
 - c. Reduce Risk Factors for Suicide
 - d. Office of Children Health
2. Improving Health Outcomes...Or Building on HC Transformation???
 - a. Health Care Agenda; CCO 2.0; social determinants of health
 - b. PH Modernization
 - c. Tobacco Cessation
 - d. Hep C
3. Enhancing the BH System
 - a. Addictions and Recovery Agenda
 - b. Integration (POP 409); BEHR (POP 411)
 - c. Aid and Assist; Junction City
 - d. BH IT System
4. Sustaining Oregon's Health Care System
 - a. Revenue package
 - b. OHSU partnership
 - c. Cost containment (include chart)
 - d. PDMP investment
 - e. Behavioral Health and Local Public Health backfills

Again, this is still pretty rough and conceptual, but what do you think of this approach? If you like it, do you have thoughts on titles and organization (I don't like some of the titles)? It would be helpful if you could put your thinking cap on about this. Once I get to writing in earnest, it shouldn't take me too long to start send you pieces. It helps that I can steal words from what you've already written.

From: EDLUND Tina * GOV
Sent: Thursday, November 15, 2018 9:02 AM
To: MACDONALD Thomas * DAS <Thomas.MACDONALD@oregon.gov>
Subject: FW: Budget language for OHSU IGT program

Tom,

Here is language that OHSU put together for the IGT. Let me know if it meets your needs, or if you

feel we should modify.

T

From: Julie Hanna <hannaju@ohsu.edu>
Sent: Wednesday, November 14, 2018 5:08 PM
To: EDLUND Tina * GOV <Tina.EDLUND@oregon.gov>
Subject: Budget language for OHSU IGT program

Hi Tina,

Thank you again for meeting with us today and helping to get us all to a place where we can work together for a well-funded Medicaid program. What do you think about the following language? Happy to chat about it too.

Thanks!

OHSU, as Oregon's only public academic health, is a critical part of the safety net for Oregon's most vulnerable providing health care services to a large number of Medicaid members, training Oregon's health care workforce across the state, and engaging in research to improve care and bring significant federal dollars to Oregon. By removing OHSU from the hospital tax in the 2017 legislative session, the state and OHSU have collaborated to increase the amount of funding available for the Medicaid program. This budget reflects an additional \$252m in state funds for a total of \$432m in state funds from the OHSU IGT program for the Medicaid program. This budget reflects providing critical funding for OHSU at 87% of cost for the Medicaid members OHSU serves and holds OHSU's unit cost growth to no more than 3.4% annually for the Medicaid program.

From: [MACDONALD Thomas * DAS](#)
To: [EDLUND Tina * GOV](#)
Subject: RE: Budget language for OHSU IGT program
Date: Thursday, November 15, 2018 5:31:10 PM

Update: I'm working on it tonight because my whole day was turned upside down. But I will ensure you get enough lead time to review and edit. I think we'll be working on this all weekend.

From: MACDONALD Thomas * DAS
Sent: Thursday, November 15, 2018 9:46 AM
To: EDLUND Tina * GOV <Tina.EDLUND@oregon.gov>
Subject: RE: Budget language for OHSU IGT program

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Sent: Wednesday, November 14, 2018 5:08 PM

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From: [COON CHRISTOPHER W](#)
To: [EVANS Janell R](#); [VANDEHEY JEREMY](#); [ROMAN Linda * GOV](#); [MACDONALD Thomas * DAS](#); [EDLUND Tina * GOV](#)
Cc: [Otrugman Melisa Z](#)
Subject: Update
Date: Friday, November 16, 2018 11:29:25 AM
Attachments: [Update 11.2018 - OHA Last Biennium 2017-19Gov'sBudget.docx](#)

Hopefully this works.

From: Vandehey Jeremy
Sent: Friday, November 16, 2018 11:26 AM
To: EDLUND Tina * GOV <Tina.EDLUND@oregon.gov>; ROMAN Linda * GOV <Linda.ROMAN@oregon.gov>; MACDONALD Thomas * DAS <Thomas.MACDONALD@oregon.gov>; Coon Christopher W <CHRISTOPHER.W.COON@dhsosha.state.or.us>; Evans Janell R <JANELL.R.EVANS@dhsosha.state.or.us>
Cc: Otrugman Melisa Z <MELISA.Z.OTRUGMAN@dhsosha.state.or.us>
Subject: RE:

Melisa, can you please figure out how to get the attachment to the recipients on this e-mail without it going into the secured format that requires them to login?

From: Vandehey Jeremy
Sent: Friday, November 16, 2018 11:17 AM
To: 'EDLUND Tina * GOV' <Tina.EDLUND@oregon.gov>; 'ROMAN Linda * GOV' <Linda.ROMAN@oregon.gov>; MACDONALD Thomas * DAS <Thomas.MACDONALD@oregon.gov>; Coon Christopher W <CHRISTOPHER.W.COON@dhsosha.state.or.us>; Evans Janell R <JANELL.R.EVANS@dhsosha.state.or.us>
Subject:
Importance: High

Trying again. It doesn't it on its own – we don't have much control over it.

From: Vandehey Jeremy
Sent: Friday, November 16, 2018 10:17 AM
To: 'ROMAN Linda * GOV' <Linda.ROMAN@oregon.gov>; 'EDLUND Tina * GOV' <Tina.EDLUND@oregon.gov>; MACDONALD Thomas * DAS <Thomas.MACDONALD@oregon.gov>
Cc: Evans Janell R <JANELL.R.EVANS@dhsosha.state.or.us>; Coon Christopher W <CHRISTOPHER.W.COON@dhsosha.state.or.us>
Subject: FW: Governor's Recommended Budget 19-21- OHA Data Request
Importance: High

Hi all,

Chris Coon on my team did some quick work to track down as many of these numbers we could and he inserted updated into the attached document using track changes. I think there may be some more coming in and I'll have him send over a supplemental document to this group once he has the

rest. Please reach out to Chris directly if you have questions or need information that is not in here. I know you're on a tight timeline over the next couple of days to wrap up the budget narrative documents.

Jeremy

Oregon Health Authority

General Fund			
Lottery Funds			
Other Funds			
Federal Funds			
Other Funds (Nonlimited)			
Federal Funds (Nonlimited)			
Total Funds			
Positions			
Full-time Equivalent			

OVERVIEW

The 2017-19 Governor's Budget for the Oregon Health Authority (OHA) reinforces the state's commitment to making the health of Oregonians a core foundation of the state while ensuring the health care delivery model is sustainable during a time of rising costs and reduced federal funding. The budget helps achieve critical health care outcomes through strategic investments, revenue reforms, and cost savings measures – all while preserving health care benefits and eligibility and holding the state's health care programs to high standards.

OHA achieves its mission of helping people and communities reach optimum physical, behavioral, and social well-being through the following health care programs: Oregon Health Plan (OHP), Non-Medicaid behavioral health services, the Oregon State Hospital, Public Health, Health Policy and Analytics, the Public Employees Benefit Board (PEBB), and the Oregon Educator's Benefit Board (OEBB). The nine-member Oregon Health Policy Board also serves as the policy-making and oversight body for OHA and helps ensure access to quality, affordable health care for all Oregonians and to improving population health.

The OHA budget directly impacts a significant portion of Oregon's population:

- Approximately 1,439,500 individuals receive health care coverage through OHP, PEBB, and OEBB
- Approximately 45,000 individuals receive behavioral health support and treatment services through local community mental health and substance use disorder programs;
- Over 600 individuals receive mental health care through the Oregon State Hospital system; and Every Oregonian benefits from disease prevention and wellness services provided by the Public Health Division.

Today, nearly 95 percent of Oregonians have health insurance – an increase of 63 percent from 2013, and the Governor's Budget aims to push this higher so that no person in the state goes without access to health care. Overall, the Governor's Budget for OHA positions the state to

Commented [CCW1]: OHP 1,445,000 (2 year unduplicated count) OR 1,006,941 (2 year average count) Since I am not sure of the original number used. Nothing from PEBB/OEBB at this time.

Commented [CCW2]: Governor's Budget, BH data update

Below you will find three options for updating this statement:

"Approximately 45,000 individuals receive behavioral health support and treatment services through local community mental health and substance use disorder programs."

I recommend using the 1618 data in option 1, highlighted in gray. This is just my best guess on how the data was run for the 15-17 budget document.

Option 1.

This data is based on a unique count of persons receiving non-Medicaid services by local community mental health and substance use disorder programs for two fiscal years Jul 2016 through Jun 2018.

Although some of the people reported below are Medicaid eligible, the service was one not covered by the plan. The counts include any service reported in MOTs for an addiction or mental health diagnosis. Data Source is MOTs.

Commented [CCW3]: There are a couple different ways you could describe the number of patients we serve.

1. Average Daily Population – this is the number you can expect to find receiving treatment at OSH on any given day.

a. For FY18, our ADP was 581.7.

b. FY18 was a bit of a "down" year for us. Typically we are closer to the 600 range. For example, over the first four months of FY19, our ADP has been 594.3.

2. Unique Patients Served – this is the number of unique individuals who received treatment at OSH (if a patient was admitted numerous times in a period they are only counted once).

a. For FY18, we served 1,490 unique patients.

improve people's health, leverage the state's power as a health care purchaser, reduce waste and inefficiency, and set clear standards for health care quality.

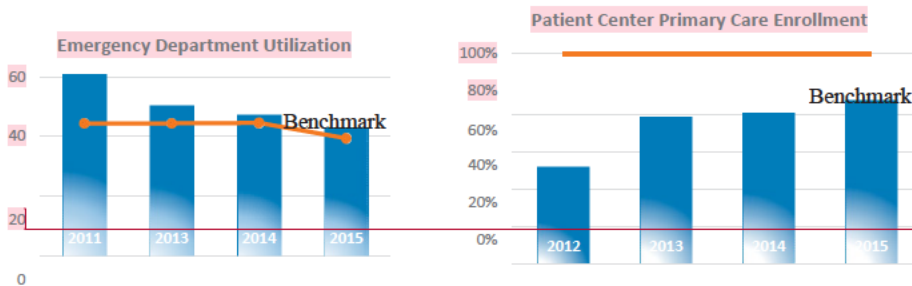
GOVERNOR'S BUDGET

The 2017-19 Governor's Budget for OHA is \$20,432.9 million total funds, which represents a decrease of one percent from the 2015-17 Legislatively Approved Budget (LAB). The General Fund budget totals \$2,167.9 million and represents a one percent increase compared to the 2015-17 LAB. The Governor's Budget invests in OHA to achieve three key goals: making health care foundational; protecting children and underserved areas; and implementing shared responsibility for funding a sustainable health care program.

- **Making Health Care Foundational:**

Comprehensive Health Care Benefits and Eligibility – In a time of challenging budget constraints, the Governor's Budget preserves the strong benefits and eligibility of OHP. Low-income adults, children, pregnant women, and individuals with disabilities will continue to have access to OHP's physical, behavioral, and oral health care services.

Health Care Outcomes – OHP members continue to have access to a transformed health care system where reimbursement for Medicaid services includes performance payments measured on how well coordinated care organizations (CCO) perform on key health care measures. OHP has seen improvements in decreased emergency department visits per 1000 member months, decreased hospitalization for chronic conditions, and increased primary care. Examples of two specific measures are displayed below.



Commented [CCW4]:

Reducing Unintended Pregnancies – Approximately 50 percent of pregnancies in Oregon are unintended. The Governor and OHA continue to place a high priority on improving women's health and reducing unintended pregnancies by implementing pregnancy intention screenings and providing effective contraceptives to women who do not wish to become pregnant. The Governor's Budget recognizes the state and federal Medicaid savings expected to be achieved through reducing the rate of unintended pregnancies across the state.

ONE System Enhancements – In 2015, OHA began a phased-in approach to launch the Oregon Eligibility (ONE) system for Medicaid eligibility and enrollment. The Governor's Budget builds on the system's progress and trajectory by supporting system enhancements to ensure it achieves its goal of automating and streamlining the eligibility and enrollment process for OHP.

applicants and caseload specialists.

Oregon State Hospital Junction City Campus – The state should do its best to ensure people with mental illness live in the most independent care settings possible while receiving the appropriate treatment. For this reason, the Governor’s Budget plans to close the Junction City campus of the Oregon State Hospital after the first year of the 2017-19 biennium and transition patients to community care settings.

Cleaner Air Oregon – Protecting Oregon communities from environmental health risks, such as hazardous air pollutants, is imperative to keeping Oregonians safe and healthy. Environmental health issues disproportionately affect low-income and minority communities. The Governor’s Budget enhances the Public Health Division’s ability to support and implement health-based environmental protections by investing in the Cleaner Air Oregon initiative. This investment in OHA works in conjunction with similar Cleaner Air Oregon investments in the Department of Environmental Quality also aimed at reducing public health risks arising from hazardous pollutants.

- Protecting Children and Underserved Areas:

Cover All Kids - The Governor’s Budget not only maintains the state’s robust health care coverage for low-income Oregonians and their families, it also expands access to all low-income children in Oregon. This initiative is supported with \$55 million General Fund and will provide OHP coverage to children who do not qualify for Medicaid solely because they do not meet federal citizenship and immigration status requirements. The Governor’s initiative reflects the return on investment achieved when children have health insurance coverage – they have fewer emergency room visits, have improved social and emotional functioning, do better in school, miss fewer school days, and are more likely to graduate school and go to college.

Implementation of Behavioral Health Investments – The 2015-17 OHA budget includes partial-biennium state fund investments of \$22 million for Oregon’s mental health system and \$6 million for new addiction services. The Governor’s Budget fully implements these investments in 2017-19. Combined with the \$45 million in Medicaid expansion savings reinvested in the mental health community in 2013-15, the Governor’s Budget maintains a strong funding level for non-Medicaid behavioral health services in the state.

Hepatitis C Treatment Expansion – New breakthrough therapies to treat Hepatitis C with high rates of success became available in the past few years, although at a steep cost per patient. OHP has been providing treatment to Hepatitis C patients with higher stages of the disease; however, these treatments have presented a challenge for the state to stay within budgetary thresholds. The Governor’s Budget recognizes the challenge of these increasing costs and invests in expanding treatment to patients at earlier stages. Hepatitis C disproportionately affects minority communities and the Governor’s initiative will help put the state on the path of decreasing the number of infections and halting the spread of the disease.

- Shared Responsibility for Funding Health Care:

- Bending the Cost Curve – The Governor’s Budget continues to build upon the coordinated care model and applies it to all major health care purchasing. The budget continues caps on annual health care spending for PEBB and OEBB at 3.4 percent per member. The budget also reflects flat inflationary expenses for CCOs starting in January 2018 and reduces the administrative allowance included in CCO rates, in reflection of shared responsibility across

the health system to operate within a sustainable budget.

Revenue Reforms – In prior biennia, a significant portion of OHP has been supported with one-time revenue no longer available in 2017-19. Additionally, the federal matching rate to support the Affordable Care Act (ACA) Medicaid expansion population is permanently decreasing on a scheduled phased-down from 100 percent to 90 percent from 2017 to 2020. Finally, the federal match rate for the pre-ACA portion of the program is also expected to decrease in the next biennium. Inclusive of holding CCO inflation flat as discussed above, the Governor’s Budget addresses the challenge of appropriately, sustainably, and equitably funding our health care system by reforming the way in which hospitals, insurers, and CCOs contribute to the system through assessments on their revenue. These reforms reflect that the health system as a whole has fared well through the significant expansion of coverage since 2014. For example, hospital revenues and margins have increased significantly since 2014, as have CCO margins and reserves.

- **Program Integrity and Fraud Prevention** – Detecting, preventing, and investigating fraud, waste, and abuse is pivotal to ensuring public resources maximize the health care benefits delivered to Oregonians. This is why the Governor’s Budget invests \$7.3 million, of which \$1.6 million is General Fund, to enhance OHA’s Office of Program Integrity. This investment will enable OHA to improve its program for investigating Medicaid and non-Medicaid fraud; provide better oversight of how the state’s health care partners spend public resources; and comply with federal program integrity requirements. The return on investment of this initiative cannot be understated, which is why the Governor’s Budget also recognizes a General Fund savings of \$15 million to reflect the benefit of increasing the state’s program integrity capabilities.

REVENUE SUMMARY

Over 56 percent of OHA’s budget is supported with Federal Funds, of which a significant portion represents federal Medicaid dollars matched with state funds. Federal Medicaid reimbursement is based on the Federal Medical Assistance Percentage (FMAP) and there are three key rates that determine how much state funding is required to support Medicaid caseload expenditures: Title XIX FMAP; the Affordable Care Act FMAP; and Children’s Health Insurance Program FMAP. Other important federal revenue sources include the Mental Health Services Block Grant, the Substance Abuse Prevention Treatment grant, and various federal grants supporting the Public Health Division and Health Policy and Analytics. General Fund represents over 10 percent of the budget, a significant portion of which is used to match federal Medicaid dollars. Other Funds used to support the Governor’s Budget for OHA include funds from the health care system, drug rebate revenue, tobacco tax, and tobacco master settlement agreement funding.

AGENCY PROGRAMS

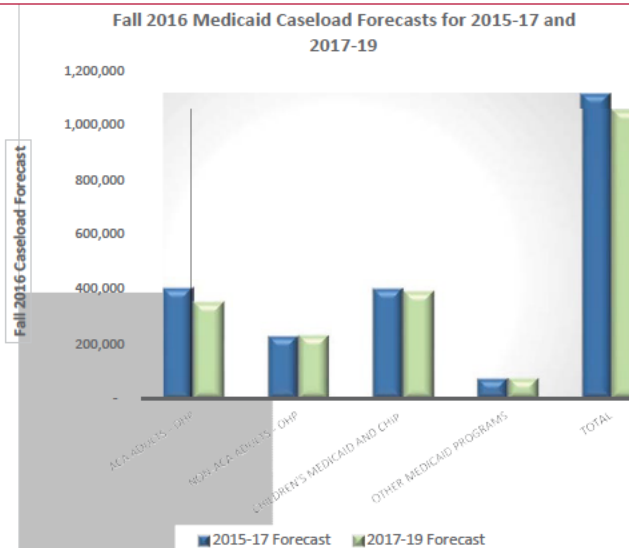
Health Systems Division

The Health Systems Division (HSD) ensures the systematic transformation of health care in Oregon by delivering integrated physical, behavioral, and oral health care services, strengthening the coordinated care model, and improving health outcomes through administration of the state’s Medicaid and non-Medicaid programs.

Medicaid: OHA is the state designated agency responsible for Medicaid, which provides medical coverage to low-income adults, people with disabilities, children, and pregnant women. Most Medicaid coverage in the state is provided through OHP, which provides medical coverage for Medicaid under Title XIX of the Social Security Act, Children's Health Insurance Program (CHIP) coverage under Title XXI of the Social Security Act and Medicaid expansion under the Affordable Care Act (ACA). There are also Medicaid programs outside of OHP, including the Citizen/Alien-Waived Emergency Medical and Qualified Medicare Beneficiaries programs.

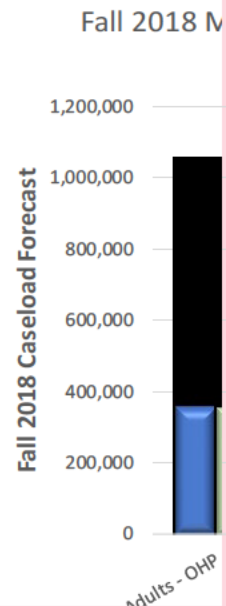
Oregon's health care

system has experienced significant changes over the past few years upon the creation of a new Medicaid delivery system through coordinated care organizations (CCOs) starting in 2012. The CCOs emphasize prevention and helping people manage chronic conditions; in turn, this helps reduce unnecessary and expensive medical services and supports healthy living. There



are currently 16 CCOs operating in Oregon covering over 900,000 Oregonians, or approximately 90 percent of the one million enrollees in the state's Medicaid program. Health System Transformation and the implementation of the coordinated care model focus on achieving the triple aim: better health, better care and lower costs. Another significant change in the state's health care system came with the January 2014 expansion of Medicaid authorized by the ACA to adults earning up to 138 percent of the federal poverty level. With the implementation of Medicaid expansion, the OHP caseload increased by approximately 400,000 individuals. Overall, the Medicaid caseload is projected to decrease by nearly 60,000 members from 2015-17 to 2017-19 based on the Fall 2016 forecast. Most of this change is anticipated in the ACA caseload, whereas other caseload groups are seeing upward pressure. Although the overall decrease in the caseload results in a total funds savings due to the decrease in the ACA caseload, the state fund costs increase because of the increase in the caseloads funded under the traditional FMAP rate. In other words, while the total caseload is expected to decrease, the part of the program of which the state has to cover a higher share of the cost is expected to increase, resulting in a net increase to the state budget challenge.

Despite the vast coverage provided by OHP, many low-income children remain without health



Commented [CCW5]:

care coverage in the state because of federal Medicaid restrictions regarding citizenship and immigration status. To bridge this gap and ensure children have health care coverage, the Governor's Budget invests \$55 million General Fund in the Cover All Kids program. This program will provide OHP benefits to children who meet the income eligibility threshold of CHIP, but otherwise would not qualify for Medicaid due to their citizenship and immigration status.

The Governor's Budget also invests \$196 million total funds, of which \$32 million is General Fund, to expand treatment of Hepatitis C to patients at an earlier stage of the disease. New anti-viral drug regimens for treating Hepatitis C came to market in 2013. These treatments have a high cure rate, yet can cost over \$100,000 per patient for a course of treatment. OHP currently covers patients in the later stages of Hepatitis C. By expanding treatment to patients with an earlier stage of the disease, the Governor's budget helps the OHP population achieve optimum health and moves toward stopping the spread of the disease. Although the Governor's Budget does not include funding for CCOs to receive a rate increase in calendar years 2018 and 2019, this investment helps mitigate the strain these pharmaceutical costs have placed on CCO budgets.

In light of the one-time revenue no longer available to support OHP, as well as the decreased availability of federal funding, the Governor's Budget reforms how OHP is funded in the following key ways:

- Hospital Assessments – The budget revises the Hospital Assessment structure to make it a true tax and discontinues the Hospital Transformation Performance Program, thereby redirecting the program's funding to support OHP benefits.
- Insurance and Managed Care – The budget reinstates the insurance and managed care tax that expired in 2013.
- Coordinated Care Organizations – The budget does not fund 18 months of inflationary costs for CCOs, previously capped at 3.4 percent per member per year and reduces the allowed CCO administrative rate.
- Fee-for-Service – The budget does not provide a full inflationary increase for fee-for-service rates.
- OHA Funding – The budget includes a series of cost reduction measures to reflect the state agency's efforts to continuously improve operations and achieve administrative efficiencies. Together, these reforms reflect the shared contribution key OHP stakeholders must make to ensure the long-term financial sustainability of Oregon's Medicaid programs.

Non-Medicaid: The Non-Medicaid budget supports critical elements in Oregon's community behavioral health system that serve as the safety net for all Oregonians regardless of health care coverage. A significant portion of Non-Medicaid services are provided through community mental health programs and alcohol, drug, and gambling addiction treatment providers. An important focus of the Non-Medicaid system is to respond to individual and community crises and meet the immediate behavioral health needs for a defined population and geographic region. Non-Medicaid funds also purchase social support services for OHP members that are not included in the Medicaid benefit package, such as early outreach and engagement, peer-based recovery, and housing services. HSD works closely with OHA's Office of Health Policy and Analytics, Office of Equity and Inclusion, and CCOs to administer the system of care as well as achieve better health and better care at lower costs for all Oregonians by integrating physical

and behavioral health services and promoting health equity.

The services provided through the Non-Medicaid program must be in compliance with an agreement reached with the United States Department of Justice (USDOJ) in 2012. This agreement requires the state to take steps to better provide individuals with serious and persistent mental illness with the critical community services necessary to help them live in the most integrated setting appropriate to their needs and achieve positive outcomes. The budgetary and programmatic decisions for Non-Medicaid continue to be made in accordance with the objectives of the USDOJ agreement.

A significant amount of state funding – \$210 million in total – has been invested in the Community Mental Health system in the last two biennia. Of the total amount invested, \$45 million represents reinvested savings resulting from the expansion of Medicaid coverage to individuals whose behavioral health services were previously funded with state funds. The Governor's Budget for 2017-19 phases-in several Non-Medicaid program investments made in 2015-17 and recognizes savings due to a forecasted decrease in the Non-Medicaid caseload. The Governor's Budget otherwise maintains Non-Medicaid behavioral health funding at the elevated level after the 2013-15 and 2015-17 investments to help ensure strong access remains for these services.

The overall Health Systems Division budget, including Medicaid, non-Medicaid, and related administration, totals \$15,051.9 million, which represents a three percent decrease compared to the 2015-17 LAB. The recommended General Fund budget is \$1,463.6 million, which represents a one percent increase compared to the 2015-17 LAB.

Health Policy and Analytics

The Office of Health Policy and Analytics (HPA) provides policy support, technical assistance, and access to health information statistics and tools to all organizations and providers participating in Oregon's health system transformation, including programs within OHA. The key functions of HPA are: Health Policy; Clinical Improvement Services; Health Analytics; Health Information Technology; and Business Support.

HPA is largely supported by federal Medicaid dollars matched with General Fund. The program also receives Federal Funds through the CMS Children's Health Insurance Program Reauthorization Act grant, the CMS Adult Medicaid Quality grant, the Health Resources and Services Administration Primary Care grant, and Health Information Technology Electronic Health Records funds. The Governor's Budget phases-in several investments related to health care transformation made in 2015-17. The budget also transfers \$4.8 million for health provider incentive programs from the Higher Education Coordinating Commission (HECC) pursuant to Senate Bill 3396 (2015).

The Governor's Budget for HPA is \$151.7 million total funds, of which \$31.2 million is General Fund. The recommended budget represents a total funds increase of nine percent from the 2015-17 LAB and a 41 percent increase in General Fund, primarily due to the phase-in of 2015-17 investments and transfer of provider incentive program funding from HECC. A significant portion of this increase represents the phase-in of health care transformation continuation investments made in 2015-17.

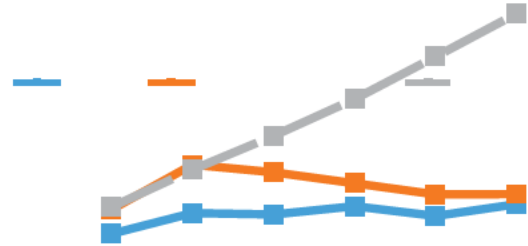
Public Employees Benefit Board

The Public Employees Benefit Board (PEBB) designs, contracts for and administers health plans, group insurance policies and flexible spending accounts for state employees and their dependents, representing over 138,000 Oregonians. PEBB is entirely funded with Other Funds through premiums collected for all insured individuals. Premiums are collected from state agencies, universities, and self-pay members to directly cover the costs of the plans. For fully-insured plans, the premiums PEBB collects are passed through to the appropriate carrier. For self-insured plans, PEBB maintains the Stabilization Fund, which must have a sufficient balance to cover claims risk. PEBB has been actively managing cost increases and has projected its 2017-19 budget based on a sustainable rate of growth target of no more than 3.4 percent per member growth per year.

Instead of responding to increasing cost trends with one of the conventional approaches to controlling health care spending—reducing provider payments, changing covered benefits or shifting costs to members— PEBB is moving down a new pathway with its new health care partners to transform the delivery system for better efficiency, value and health outcomes. Since moving to self-insurance beginning in 2006, PEBB has experienced lower costs each year compared to premiums collected.

The 2017-19 Governor's Budget for PEBB is \$1,895.8 million. This is an increase of six percent from the 2015-17 Legislatively Approved Budget.

The Oregon Educators Benefit Board (OEBB) administers medical, dental, vision and other benefits for Oregon’s school districts, community colleges, and education service districts. Additionally, with the passage of House Bill 2279 (2013), cities, counties and special districts became eligible to join the OEBB benefits program effective January 2014. OEBB designs and maintains a full range of benefit plans for eligible and participating entities to offer their employees and early retirees. OEBB’s goal is to provide high-quality benefits for all eligible employees, early retirees, and their dependents at the lowest possible cost, and to work collaboratively with members, entities and insurance carriers to



further advance the triple aim of health care. OEBC has prioritized choice in plan options for employers and employees as a savings option.

OEBC is funded through premium payments from school districts, community colleges, other government entities, and members. In the last several plan years, OEBC has had continued success at keeping its medical plan premiums lower than the overall trend of the state. As with PEBB, OEBC has been actively managing cost increases and has projected its 2017-19 budget based on a sustainable rate of growth target of no more than 3.4 percent per member per year.

The Governor's Budget for OEBC is \$1,663.4 million Other Funds, which is an increase of seven percent from the 2015-17 Legislatively Approved Budget.

Public Health Program Division

The Public Health (PH) Division promotes health and prevents the leading causes of death, disease and injury in Oregon. PH does this by administers-administering a variety of programs addressing behavioral and social drivers of health, and by working to ensure the physical and social environments promote health and make it easier for people to make healthy choices. Oregon's public health system includes federal, state, counties and local agencies, private organizations and other partners. PH operates some programs directly and funds and coordinates other programs through the 33 local health departments across the state.

By focusing on prevention, Oregon's public health system lessens the effect of health threats on people's lives and lowers demand for expensive health care interventions. Public health and health care approaches for addressing social factors that affect health are complementary. Oregon is poised to be a leader in leveraging sectors to address social conditions that affect health, such as housing. PH programs can complement and amplify investments in health care programs and by focusing on prevention. They can have the potential to reduce the need for costly health care services. Oregon's public health system includes federal, state, counties and local agencies, private organizations and other partners. PH operates some programs directly and funds and coordinates other programs through the 34 local health departments across the state. At the state level of the system, PH plays a leadership role with the implementation of the ACA and health care transformation.

A modern public health system ensures foundational public health protections are in place for every person in Oregon, that the public health system is prepared and has the right resources to address emerging health threats, and that the public health system is focused on building health equity and eliminating health disparities. A modern public health system focuses on achieving outcomes. PH collaborates with other governmental, health care, and not-for-profit agencies to support policy, environment, and systems change focused on improving the health of all Oregonians.

Public Health has four general program areas overseen by the Office of the State Public Health Director:

- Center for Health Protection – Protects the health of individuals and communities through establishing, applying, and ensuring compliance with regulatory and health based standards. This includes protection from environmental health hazards, developing patient safety efforts, and quality improvement activities for all health care providers.
- Center for Prevention and Health Promotion – Helps communities and residents achieve

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and sustain lifelong health, wellness, and safety. This includes prevention of chronic disease, child developmental delays, injuries and unsafe relationships, and physical and behavioral problems.

- **Center for Public Health Practice** – Prevents and controls diseases, monitors population health information, and ensures emergency public health services in natural and human-caused disasters.
- **Office of the State Public Health Director** – Provides scientific, fiscal, communications, and policy leadership to Public Health programs.

Tobacco use, obesity, and substance misuse are the three leading causes of illness and preventable deaths in Oregon. Tobacco use has declined in Oregon since 1996; however, 1 in 7 adults (17%) continue to smoke cigarettes. Obesity is a major risk factor for many adverse health outcomes (e.g. diabetes, heart disease), and has been increasing steadily since 1990. Currently 29% of adult Oregonians are obese. Substance misuse is a major factor for poor health outcomes. While opioid overdose deaths have been decreasing since the peak in 2011, deaths from methamphetamine and illicit fentanyl have been increasing.

Commented [MK6]: See data charts included I my email in case these are helpful.

For the 2019-21 biennium, OHA-PHD's budget comprises 10 percent General Fund, 55 percent Federal Funds and 35 percent Other Funds. Federal revenue sources include Medicaid (with 90-10 match for contraceptive care) as well as more than 90 grants that are each dedicated to different public health programs such as emergency preparedness and hospital preparedness, cancer prevention and control, and safe drinking water. Public Health is primarily funded with Federal Funds and over 126 grants are categorically dedicated to specific Public Health programs. Public Health also collects Other Funds through fee-based programs. The 2017-19 budget either increases or establishes five different categories of fees consistent within meeting statutory requirements.

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The Governor's Budget funds the Cleaner Air Oregon initiative in Public Health at a total \$720,300 General Fund. This initiative will improve the ability of OHA to protect Oregon communities from environmental health risks and reducing the rates of illness and decrease the overall costs of health care in Oregon. The Cleaner Air Oregon activities in Public Health will work in collaboration with two Cleaner Air Oregon initiatives the Governor's Budget also supports in the Department of Environmental Quality for Air Permitting and Air Toxics Monitoring.

The 2017-19 Governor's Budget for Public Health is \$648.3 million total funds, which is an increase of two percent from the 2015-17 LAB. The recommended General Fund budget is \$43.5 million, which is less than a one percent increase compared to the 2015-17 LAB.

Oregon State Hospital

The Oregon State Hospital (OSH) is an integral part of the statewide behavioral health system by providing psychiatric care for adults from all 36 counties at OSH's Salem and Junction City campuses. The hospital's primary goal is to help people recover from their mental illness and return to life in their communities. Patients receiving treatment in OSH fall into one of the following three commitment types:

- Civil - people who have been found by the court to be an imminent danger to themselves or

others, or who are unable to provide for their own basic health and safety needs, due to their mental illness.

- Guilty Except for Insanity – people who committed a crime related to their mental illness.
- Aid and Assist – people who have been arrested but have been found unable to participate in their legal proceedings due to a mental illness and are in need of mental health treatment enabling them to understand the criminal charges against them and “aid and assist” in their own defense (often referred to as .370 population due to corresponding state statutory provision). The hospital has gone through significant programmatic changes in the past several years, underscored by the closure of the Blue Mountain Recovery Center in Pendleton and the Portland campus. The two remaining campuses have the capacity to serve up to 794 individuals, with 620 beds in Salem and 174 beds in Junction City. In November of 2016, OSH had about 625 individuals in its care, approximately 545 in Salem and 80 in Junction City.

The Governor's Budget plans for the closure of the Junction City campus after the first year of the 2017-19 biennium. This action will help transition patients to the appropriate treatment in independent settings. The budget also recognizes an anticipated increase in federal revenue through the certification of additional hospital beds with the Centers for Medicare and Medicaid.

The 2017-19 Governor's Budget for OSH is \$537.3 million total funds, which is an increase of three percent to the 2015-17 LAB. The General Fund budget is \$436.6 million, which represents a decrease of three percent.

Central Services

OHA Central Services provides the leadership and business support to achieve the agency's mission. This budget structure includes the Office of the Director and Policy, Communications, Human Resources, and Budget, Planning and Analysis.

- The Director's Office is responsible for the overall leadership, policy development and administrative oversight for the agency. This includes coordination with the Governor's Office, legislature, other state and federal agencies, tribal governments, partners and stakeholders, local governments, advocacy and client groups, and the private sector.
- The External Relations Division is responsible for building strong relationships with the public, media, legislature, and other agencies at the state and federal levels. The division also helps create a broad understanding of the ways in which OHA contributes to the health of Oregonians.
- The Fiscal Operations Division provides operational support and services to OHA. These include providing leadership and collaboration for strategic decisions of OHA programs through in-depth knowledge of OHA financial processes, federal programs and fiscal policy, business line funding streams, and state budget processes. The division also provides human resources services through recruitment and staffing, employee relations, organization and employee development, risk management, and human resource regulatory compliance.
- The Office of Equity and Inclusion works on behalf of OHA and the broader health system in the state to ensure the elimination of avoidable health care gaps and to promote optimal health in Oregon for everyone.

Central Services is funded based on a federally approved cost allocation plan where programs are charged for services to its respective state and federal funding sources. The 2017-19 budget makes several technical adjustments and includes an additional \$4.2 million General Fund to support the inclusion of OSH in the agency's cost allocation model. The Governor's Budget is \$36.1 million total funds, which represents an increase of one percent over the 2015-17 LAB. The General Fund budget is \$23.4 million, which is an increase of twenty percent, which is primarily due to the costs associated with the OSH cost allocation adjustment.

Shared Services

The Shared Services budget structure includes costs associated with business functions supporting both the Department of Human Services (DHS) and OHA under a joint governance agreement. Funding for Shared Services is based on cost allocation statistics, which determine the distribution of expenditures to OHA or DHS and the revenue distribution by General Fund,

Other Funds, and Federal Funds.

OHA Shared Services contains the Office of Information Services and Information Security and Privacy Office. Within the DHS budget, the Shared Services contains: the Office of Forecasting; Office of Financial Services; Office of Human Resources; Facilities; Office of Imaging and Records Management; Office of Payment, Accuracy, and Recovery; Performance Excellence Office; and Internal Audit offices. Shared Services is funded entirely by Other Funds transferred from different OHA and DHS programs through a federally approved cost allocation plan. The model contains a billing allocation module and grant allocation module.

The 2017-19 budget makes several adjustment to properly support the shared service expenditures of policy proposals funded elsewhere in the budget. These include the DHS Integrated Eligibility Project and Medicaid Management Information System Modularization. While the budget supports these investments, it does eliminate the Oregon Enterprise Data Analytics program in DHS, thus reducing costs to OHA. The Governor's Budget for Shared Services is \$163.1 million total funds, which represents a thirteen percent increase from the 2015-17 LAB.

State Assessments and Enterprise-wide Costs

State Assessments and Enterprise-wide Costs (SAEC) is the budget structure for payments to DAS and third parties for goods and services that serve the whole agency, such as facility rents, state data center charges, DAS risk assessment, DAS government services charges, unemployment assessments, mass transit taxes, computer replacement, and debt service.

SAEC is funded based on cost allocation statistics. This allocation method determines the distribution of expenditures to OHA and DHS, the revenue distribution by General Fund, Other Funds, and Federal Funds. The Governor's Budget for SAEC is \$285.2 million total funds, which represents an increase of four percent over the 2015-17 LAB. The General Fund budget is \$169.7 million, which represents an increase of five percent over the 2015-17 LAB.

From: [MACDONALD Thomas * DAS](#)
To: [EDLUND Tina * GOV](#); [ROMAN Linda * GOV](#)
Subject: Rough Draft of Part 1
Date: Friday, November 16, 2018 5:44:30 PM
Attachments: [OHA_2019-21 Gov'sBudget.docx](#)

Attached is a rough draft of what I've written for the first half of what goes in the big budget book for OHA. You can stop reading once you reach the section entirely highlighted in yellow, which hasn't been worked on. I haven't proofed or word-smithed this yet, and I still need to put in some visuals, but I wanted to get it to you so that you can see how it's taking shape.

Feel free to provide your feedback any way you like—such as putting comments or edits directly in the document, providing bullet points on what you want to see more or less of, a simple thumbs up/down, or gasps of horror. If you do make changes, it would be helpful to do so with Track Changes turned on since I'm continuing to draft the other sections.

Thank you!

Tom MacDonald
Policy and Budget Analyst
Chief Financial Office
Department of Administrative Services
503-586-6689

Oregon Health Authority

General Fund			
Lottery Funds			
Other Funds			
Federal Funds			
Other Funds (Nonlimited)			
Federal Funds (Nonlimited)			
Total Funds			
Positions			
Full-time Equivalent			

OVERVIEW

The Governor's Budget for the Oregon Health Authority (OHA) reinforces the state's commitment to making the health of Oregonians a core foundation of the state while ensuring the health care delivery model remains sustainable during a time of increasing cost pressures and reduced federal funding. The budget helps achieve critical health care outcomes through strategic investments, revenue reforms, and cost savings measures – all while preserving health care benefits and eligibility and holding the state's health care programs to high standards.

OHA achieves its mission of helping people and communities reach optimal physical, behavioral, and social well-being through the following health care programs: Oregon Health Plan (OHP), Non-Medicaid behavioral health services, the Oregon State Hospital, Public Health, Health Policy and Analytics, the Public Employees' Benefit Board (PEBB), and the Oregon Educators Benefit Board (OEBB). The nine-member Oregon Health Policy Board also serves as the policy-making and oversight body for OHA and helps ensure access to quality, affordable health care for all Oregonians.

The OHA budget directly impacts a significant portion of Oregon's population:

- Nearly 1,300,000 individuals receive health care coverage through OHP, PEBB, and OEBB;
- Over 50,000 individuals receive behavioral health support and treatment services through local community mental health and substance use disorder programs;
- Approximately 600 individuals receive 24-hour psychiatric care through the Oregon State Hospital system; and
- Every Oregonian benefits from disease prevention and wellness services provided by the Public Health Division.

There are also more than 115,000 Oregonians who purchase federally-subsidized coverage through the state's Health Insurance Marketplace, which allows individuals to obtain affordable quality health insurance coverage. In 2017, Governor Brown expanded coverage even farther by signing "Cover All Kids" into law, which extended eligibility for medical assistance to all Oregon children residing in families with incomes up to 300 percent of the poverty level. All children in Oregon now have access to quality health care coverage.

Commented [MT*C1]: = 1M Medicaid, 137,937 PEBB, 133,375 OEBB

Commented [MT*C2]: Published caseload forecast for Non-Medicaid Behavioral Health

Commented [MT*C3]: Census as of 11/16/18

In less than a decade, Oregon's focus on health care has vastly increased the overall number of Oregonians who have comprehensive coverage—pushing the rate of coverage from 83 percent of all Oregonians in 2010 to 94 percent today. Yet coverage alone is not enough. Meaningful improvement in health requires having the same kind of access to oral health and behavioral health as we have for traditional physical health care services. The state must also continue to improve the affordability and sustainability of our health care system while ensuring Oregonians can be as healthy as possible.

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Governor Brown's 2019-21 budget addresses these important issues by taking a multi-biennia approach to ensure our health care program remain sustainable and implements a robust health care agenda focused on addressing the underlying costs and raising the bar for health outcomes.

GOVERNOR'S BUDGET

The 2019-21 Governor's Budget for OHA totals \$22,048.2 million, which represents an increase of nine percent from the 2017-19 Legislatively Approved Budget (LAB). The General Fund budget totals \$2,441.5 million and represents a 12.8 percent increase compared to the 2017-19 LAB. The budget supports 4,297 positions (4,221.17 FTE).

The Governor's plan advances Oregon's success with health care transformation through the following interrelated strategic reforms and investments: helping children achieve their full potential; enhancing the behavioral health system; improving overall health outcomes; and sustaining Oregon's health care model.

Helping Children Achieve their Full Potential

Governor Brown convened her Children's Cabinet in 2017 to create pathways toward prosperity for children and their families. Through the Cabinet's recommendations and the strategies outlined in the Governor's Health Care and Addictions and Recovery Agendas, health care is at the intersection of children being able to grow up to be successful adults. Oregon effectively has health care coverage for 100 percent of children in the state, with children in low-income families covered by Medicaid and the Children's Health Insurance Program (CHIP). But more needs to be done given the unique challenges faced by families and the multi-generational issues holding many children back.

To address these challenges, the Governor's Budget makes key investments in evidence-based health care solutions that provide an important return on investment toward helping families achieve success.

- **Multi-Generational Addictions Treatment** - The indiscriminate chronic disease of substance use disorder (SUD) plagues Oregon families from all backgrounds. Parents and caregivers who suffer with SUD expose their children to adverse childhood experiences, thus increasing the probability that kids will suffer from the same chronic illness. To help break the cycle of addiction passed through generations, the Governor's Budget invests \$5 million to expand prenatal and postpartum treatment and support for mothers.
- **Intensive In-Home Behavioral Health** – Due to a lack of intensive community-based services, many Medicaid-eligible youth are referred to residential care instead of receiving treatment in their home community. The creation of new intensive care opportunities in communities will provide alternatives to residential services and help keep families

Commented [MT*C5]: Project Nurture

together. The Governor's Budget includes \$19.6 million in state and federal matching funds to enable coordinated care organizations and providers to deliver such services, which can include individual and family therapy, peer-delivered services, medication management, and 24-hour crisis response.

- Universal Home Visiting – Home visiting programs are a proven way of creating a safe and healthy environment for children and helping to form the foundation for a lifetime of physical and mental well-being. The Governor's Budget recognizes this through an \$8.7 million investment for a Universal Home Visiting program to complement existing home visiting services by helping families enter into their community system of care. This investment will help bring together community partners to improve health outcomes, reduce adverse childhood experiences, decrease rates of maternal mortality, enhance positive parenting behaviors, and put in place a system of preventive care that avoids downstream costs.
- Reduce Risk Factors for Suicide – Investing in earlier intervention and access to behavioral health services for Oregon's elementary, middle school, and high school students will help them stay in school, improve learning outcomes, graduate, and prevent detrimental behavioral health issues. This is critical in order to stem the rising rate of suicide. To support this goal, the Governor's Budget provides a \$13.1 million investment to implement the priorities in the Youth Suicide Intervention and Prevention Plan, support mental health consultation and treatment in schools, help communities in crisis, and develop a comprehensive adult suicide prevention plan.
- Office of Child Health – OHA currently lacks a defined team able to provide the necessary focus on prenatal and child health initiatives. To remedy this, the Governor's Budget creates the Office of Child Health to improve OHA's ability to improve long-term health outcomes in Oregon, with a focus on the prenatal through age 5 population.

Commented [MT* C6]: State and Medicaid funding

Enhancing the Behavioral Health System

A key strategy to achieving lower costs, better outcomes and better health is to reduce the silos in health care. Physical health, mental health, substance use disorder treatment, and oral health services are too often delivered in separate, fragmented ways. By integrating these services and making targeted investments where needed, Oregon can expand access to appropriate treatment at the right time, maximize the opportunity to achieve better health outcomes, and help lower costs.

- Advancing Behavioral Health Integration – Improving the behavioral health system is one of the Governor's top priorities through CCO 2.0. To establish a more connected system, the Governor's Budget provides \$5.9 million to incentive providers to invest in foundational technical, especially behavioral health electronic health records, help adapt the primary care home model to advance integration within behavioral health settings, and improve access to evidence based pharmaceutical treatments and practice guidelines.
- Develop Alternatives to Opioids – As part of the Governor's strategy to address the opioid epidemic, her budget makes further investments to train providers in appropriate opioid prescription practices and alternative approaches to pain management.
- Community Mental Health Investments – One of the most critical relationships in Oregon's behavioral health system is that of the Oregon State Hospital and community

mental health treatment programs. Although a key goal of Oregon's mental health system is to treat patients in communities as opposed to providing institutionalized care, some patients in the criminal justice system must receive treatment in the State Hospital under court orders as a result of their inability to "aid and assist" in their own defense. Due to a prolonged increase in the Aid and Assist population, the State Hospital is unable to accept new patients from the courts in a timely manner as required by statute. This capacity constraint also negatively impacts other types of patients who need hospital level of care and strains communities struggling to appropriately treat these patients.

The Governor's Budget addresses this situation through a multi-faceted strategy. First, the budget supports the opening of a new unit at the State Hospital for 12 months as a stop-gap solution to resolve the immediate capacity needs. Second, her budget invests \$7.6 million to increase long-term capacity for intermediate services at the community level. **This investment is in addition to \$4.1 million invested in the community mental health system in 2015-17 to increase the number of patients treated in the community.** The 2019-21 investments complement statutory reforms proposed by the Governor to ensure the State Hospital's costly level of care aimed at the hardest to treat patients is not used for patients who commit low-level misdemeanors who would be more appropriately treated in community settings.

Commented [MT*C7]: This can be taken out. But it is a reminder that we've given money to counties in the past and have received no data back that it's actually done anything.

Improving Health Outcomes

Improving the health status of every Oregonian requires pushing the coordinated care model beyond the success of the past six years by spurring sustainable community innovation, investing in social determinants of health and equity, and strengthening connections to public health, human services, and long-term support.

- **CCO 2.0** – OHA is currently undertaking the significant advancement of the coordinated care system in preparation for a new procurement of CCOs in 2020. The priorities outlined by the Governor for this endeavor focus on improving the behavioral health system, increasing value and pay for performance, maintaining sustainable cost growth, and addressing social determinants of health and equity. While essentially all of investments and reforms included in the Governor's Budget for OHA support this initiative, the budget also provides the resources necessary for OHA to carry out the immense work and achieve the goals of CCO 2.0.
- **Public Health Modernization** – A healthy population requires a 21st century public health system with the capacity and resilience to provide foundational public health services across the state, such as communicable disease control, chronic disease prevention, and emergency preparedness. The Governor builds on the 2017-19 investment in Public Health Modernization with an additional \$13.6 million.
- **Housing Support** – Access to safe, quality, and affordable housing—including the support necessary to maintain that housing—represents one of the most critical social determinants of health. Under the Governor's leadership, OHA and Oregon Housing and Community Services are collaborating to create at least 500 new units of permanent supportive housing across Oregon to help the chronically homeless get off the streets and have access to addiction and mental health treatment. The Governor's Budget includes \$4.5 million for OHA to provide behavioral health and other critical support to these individuals as these housing units become available later in the 2019-21 biennium.

- **Tobacco Cessation** – Tobacco remains the number one cause of preventable death and disease in Oregon. About 31 percent of adults on OHP currently smoke. Most addiction to tobacco starts in adolescence; nine of 10 adults who smoke report that they started smoking before turning 18. Medical expenses and lost wages that result from tobacco-related disease and premature death cost Oregon \$2.5 billion each year, or \$1,600 for every Oregon household in our state. Price increases in the cost of tobacco are one of the most effective policy tools to reducing tobacco use, yet Oregon's cigarette prices remain lower than over 30 other states. The Governor's Budget increases cigarette taxes to be aligned with the cigarette prices of neighboring California and Washington. The budget also increases the taxes of other tobacco products and extends the existing wholesale tax for other tobacco products to vaping products.
- **Ending Hepatitis C Infections** – Hepatitis C is one of the most common blood-borne diseases in the United States and also one of the driving causes of liver cancer and liver transplants. Fortunately, new treatment exists to cure infected patients. Although the cost for these treatments continue to decline, they still remain expensively prohibitive. An investment in the 2017-19 biennium enabled OHA to expand Hepatitis C treatment to Oregon Health Plan patients with later stages of the disease. The 2019-21 Governor's Budget increases this investment with an additional \$107 million in state and federal resources to ensure treatment is available to Oregon Health Plan members with any stage of the disease and puts the state on track to ending the cascading effects of infections.

Commented [MT*C8]: <https://www.oregon.gov/oha/PH/PreventionWellness/TobaccoPrevention/Documents/TPEP%20Report%202015%20to%202017.pdf>

Commented [MT*C9]: Need to verify...think we're around 33 or 34.

Sustaining Oregon's Health Care Model

One of the predominant challenges facing the Oregon Health Plan continues to be the growth in the level of state funds needed to sustain health care services absent any reforms to program revenue or significant reductions in health care. A significant portion of the program has been supported with revenue no longer available in 2019-21. This challenge is exacerbated by declining support in federal revenue due to decreasing federal matching rates.

The Governor's Budget addresses the challenge of appropriately, sustainably, and equitably funding our health care system by reforming the way in which hospitals, insurers, and CCOs contribute to the system through assessments on their revenue. These reforms reflect that the health system as a whole has fared well through the significant expansion of coverage since 2014, as indicated through increased revenue margins for both hospitals and CCOs.

To address the issue of OHP funding, the Governor convened a workgroup of health care partners to arrive at a consensus-driven plan to secure long-term, sustainable funding for the Oregon Health Plan. The recommended plan includes broad-based sustainable revenue over a six-year timeline. Revenue reforms are not the only critical piece to sustaining the Oregon Health Plan. Without strong cost controls, health care will continue to outstrip the growth of state revenue and personal income. Taken as a whole, the Governor's Budget takes an important step forward in ensuring the Oregon Health Plan is on a sustainable path without sacrificing coverage or the quality of care.

- **Hospital assessment** – The budget revises the Hospital Assessment structure to maximize the fully reimbursable hospital assessment from 5.3 percent to 6 percent of net patient revenue for Diagnostic Related Group hospitals.
- **Health Insurance, Managed Care, and Stop-Loss Assessments** – The budget reinstates the current insurance and managed care tax that expires at the end of 2019 at 2 percent of

premiums and broadens the base by including an assessment on stop-loss coverage. This plan not only funds the Oregon Health Plan, but also some of the revenue for the Oregon Reinsurance Program in the individual market, which lowers premiums on average by 6 percentage points for 220,000 Oregonians.

- Subsidized Employer Assessment – There are approximately 1 million workers in Oregon employed by firms with 50 or more employees and approximately 25 percent of them are either ineligible for, or not offered health care coverage through, their employers. Many of these employees must therefore obtain health care coverage through the Oregon Health Plan and other publically supported programs. Put differently, public programs that provide affordable health care coverage, such as the Oregon Health Plan, are subsidizing some employers who do not provide health care coverage to low-income workers, or whose workers cannot afford the coverage they are offered. A new Subsidized Employer Assessment will levy an assessment on employers who do not meet threshold health care contributions on behalf of their workers.
- Tobacco Tax: As discussed above, the Governor’s budget increases cigarette taxes by \$2.00 pack, aligning the state with Washington and California cigarette taxes. The proposal also extends the existing wholesale tax on “other tobacco products” to e-cigarettes and vaping products. Net proceeds from the additional tobacco tax revenue will help support the Oregon Health Plan.
- Bending the Cost Curve – The Governor’s Budget maintains Oregon’s place as a leader in holding per capita cost growth well below national trends. Annual health care spending for the Oregon Health Plan, PEBB and OEBB remains capped at 3.4 percent per member. When CCOs stay within their budget target, meet their quality goals, and provide required services, they have the flexibility to implement innovative quality improvement programs and invest in health-related services that align with elements of their community plans, such as housing support, food security, and community activities that support a healthy population. With flexible spending investments in community-based social services, CCOs have effectively redefined “physical health” to focus on a much broader definition of “community health.” In addition to such innovative benefits, holding CCOs to a more aggressive cost containment threshold has resulted in \$XX in savings since 20XX.

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REVENUE SUMMARY

Over 56 percent of OHA’s budget is supported with Federal Funds, of which a significant portion represents federal Medicaid dollars matched with state funds. Federal Medicaid reimbursement is based on the Federal Medical Assistance Percentage (FMAP) and there are three key rates that determine how much state funding is required to support Medicaid caseload expenditures: Title XIX FMAP; the Affordable Care Act FMAP; and Children’s Health Insurance Program FMAP. Other important federal revenue sources include the Mental Health Services Block Grant, the Substance Abuse Prevention Treatment grant, and various federal grants supporting the Public Health Division and Health Policy and Analytics. General Fund represents over 10 percent of the budget, a significant portion of which is used to match federal Medicaid dollars. Other Funds

used to support the Governor's Budget for OHA include funds from the health care system, drug rebate revenue, tobacco tax, and tobacco master settlement agreement funding.

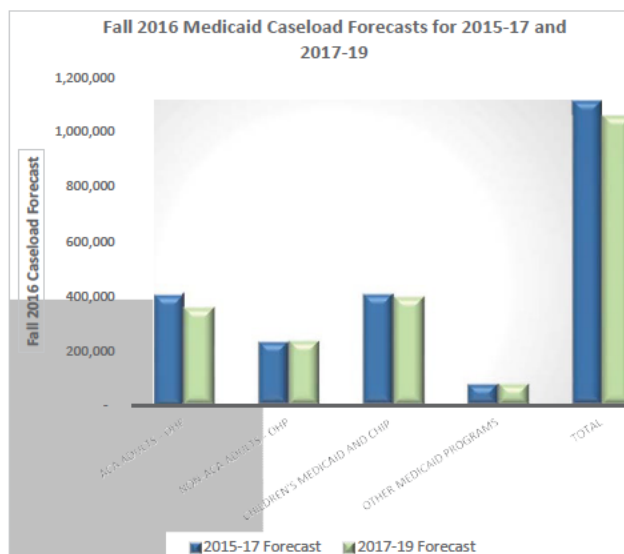
AGENCY PROGRAMS

Health Systems Division

The Health Systems Division (HSD) ensures the systematic transformation of health care in Oregon by delivering integrated physical, behavioral, and oral health care services, strengthening the coordinated care model, and improving health outcomes through administration of the state's Medicaid and non-Medicaid programs.

Medicaid: OHA is the state designated agency responsible for Medicaid, which provides medical coverage to low-income adults, people with disabilities, children, and pregnant women. Most Medicaid coverage in the state is provided through OHP, which provides medical coverage for Medicaid under Title XIX of the Social Security Act, Children's Health Insurance Program (CHIP) coverage under Title XXI of the Social Security Act and Medicaid expansion under the Affordable Care Act (ACA). There are also Medicaid programs outside of OHP, including the Citizen/Alien-Waived Emergency Medical and Qualified Medicare Beneficiaries programs.

Oregon's health care system has experienced significant changes over the past few years upon the creation of a new Medicaid delivery system through coordinated care organizations (CCOs) starting in 2012. The CCOs emphasize prevention and helping people manage chronic conditions; in turn, this helps reduce unnecessary and expensive medical services and supports healthy living. There



are currently 16 CCOs operating in Oregon covering over 900,000 Oregonians, or approximately 90 percent of the one million enrollees in the state's Medicaid program. Health System Transformation and the implementation of the coordinated care model focus on achieving the triple aim: better health, better care and lower costs. Another significant change in the state's health care system came with the January 2014 expansion of Medicaid authorized by the ACA to adults earning up to 138 percent of the federal poverty level. With the implementation of Medicaid expansion, the OHP caseload increased by approximately 400,000 individuals. Overall, the Medicaid caseload is projected to decrease by nearly 60,000 members from 2015-17 to 2017-19 based on the Fall 2016 forecast. Most of this change is anticipated in the ACA

caseload, whereas other caseload groups are seeing upward pressure. Although the overall decrease in the caseload results in a total funds savings due to the decrease in the ACA caseload, the state fund costs increase because of the increase in the caseloads funded under the traditional FMAP rate. In other words, while the total caseload is expected to decrease, the part of the program of which the state has to cover a higher share of the cost is expected to increase, resulting in a net increase to the state budget challenge.

Despite the vast coverage provided by OHP, many low-income children remain without health care coverage in the state because of federal Medicaid restrictions regarding citizenship and immigration status. To bridge this gap and ensure children have health care coverage, the Governor's Budget invests \$55 million General Fund in the Cover All Kids program. This program will provide OHP benefits to children who meet the income eligibility threshold of CHIP, but otherwise would not qualify for Medicaid due to their citizenship and immigration status.

The Governor's Budget also invests \$196 million total funds, of which \$32 million is General Fund, to expand treatment of Hepatitis C to patients at an earlier stage of the disease. New anti-viral drug regimens for treating Hepatitis C came to market in 2013. These treatments have a high cure rate, yet can cost over \$100,000 per patient for a course of treatment. OHP currently covers patients in the later stages of Hepatitis C. By expanding treatment to patients with an earlier stage of the disease, the Governor's budget helps the OHP population achieve optimum health and moves toward stopping the spread of the disease. Although the Governor's Budget does not include funding for CCOs to receive a rate increase in calendar years 2018 and 2019, this investment helps mitigate the strain these pharmaceutical costs have placed on CCO budgets.

In light of the one-time revenue no longer available to support OHP, as well as the decreased availability of federal funding, the Governor's Budget reforms how OHP is funded in the following key ways:

- Hospital Assessments – The budget revises the Hospital Assessment structure to make it a true tax and discontinues the Hospital Transformation Performance Program, thereby redirecting the program's funding to support OHP benefits.
- Insurance and Managed Care – The budget reinstates the insurance and managed care tax that expired in 2013.
- Coordinated Care Organizations - The budget does not fund 18 months of inflationary costs for CCOs, previously capped at 3.4 percent per member per year and reduces the allowed CCO administrative rate.
- Fee-for-Service – The budget does not provide a full inflationary increase for fee-for-service rates.
- OHA Funding – The budget includes a series of cost reduction measures to reflect the state agency's efforts to continuously improve operations and achieve administrative efficiencies. Together, these reforms reflect the shared contribution key OHP stakeholders must make to ensure the long-term financial sustainability of Oregon's Medicaid programs.

Non-Medicaid: The Non-Medicaid budget supports critical elements in Oregon's community behavioral health system that serve as the safety net for all Oregonians regardless of health care coverage. A significant portion of Non-Medicaid services are provided through community mental health programs and alcohol, drug, and gambling addiction treatment providers. An important focus of the Non-Medicaid system is to respond to individual and community crises and meet the immediate behavioral health needs for a defined population and geographic

region. Non-Medicaid funds also purchase social support services for OHP members that are not included in the Medicaid benefit package, such as early outreach and engagement, peer-based recovery, and housing services. HSD works closely with OHA's Office of Health Policy and Analytics, Office of Equity and Inclusion, and CCOs to administer the system of care as well as achieve better health and better care at lower costs for all Oregonians by integrating physical and behavioral health services and promoting health equity.

The services provided through the Non-Medicaid program must be in compliance with an agreement reached with the United States Department of Justice (USDOJ) in 2012. This agreement requires the state to take steps to better provide individuals with serious and persistent mental illness with the critical community services necessary to help them live in the most integrated setting appropriate to their needs and achieve positive outcomes. The budgetary and programmatic decisions for Non-Medicaid continue to be made in accordance with the objectives of the USDOJ agreement.

A significant amount of state funding – \$210 million in total – has been invested in the Community Mental Health system in the last two biennia. Of the total amount invested, \$45 million represents reinvested savings resulting from the expansion of Medicaid coverage to individuals whose behavioral health services were previously funded with state funds. The Governor's Budget for 2017-19 phases-in several Non-Medicaid program investments made in 2015-17 and recognizes savings due to a forecasted decrease in the Non-Medicaid caseload. The Governor's Budget otherwise maintains Non-Medicaid behavioral health funding at the elevated level after the 2013-15 and 2015-17 investments to help ensure strong access remains for these services.

The overall Health Systems Division budget, including Medicaid, non-Medicaid, and related administration, totals \$15,051.9 million, which represents a three percent decrease compared to the 2015-17 LAB. The recommended General Fund budget is \$1,463.6 million, which represents a one percent increase compared to the 2015-17 LAB.

Health Policy and Analytics

The Office of Health Policy and Analytics (HPA) provides policy support, technical assistance, and access to health information statistics and tools to all organizations and providers participating in Oregon's health system transformation, including programs within OHA. The key functions of HPA are: Health Policy; Clinical Improvement Services; Health Analytics; Health Information Technology; and Business Support.

HPA is largely supported by federal Medicaid dollars matched with General Fund. The program also receives Federal Funds through the CMS Children's Health Insurance Program Reauthorization Act grant, the CMS Adult Medicaid Quality grant, the Health Resources and Services Administration Primary Care grant, and Health Information Technology Electronic Health Records funds. The Governor's Budget phases-in several investments related to health care transformation made in 2015-17. The budget also transfers \$4.8 million for health provider incentive programs from the Higher Education Coordinating Commission (HECC) pursuant to Senate Bill 3396 (2015).

The Governor's Budget for HPA is \$151.7 million total funds, of which \$31.2 million is General Fund. The recommended budget represents a total funds increase of nine percent from the 2015-17 LAB and a 41 percent increase in General Fund, primarily due to the phase-in of 2015-17 investments and transfer of provider incentive program funding from HECC. A significant portion of this increase represents the phase-in of health care transformation continuation investments made in 2015-17.

Public Employees Benefit Board

The Public Employees Benefit Board (PEBB) designs, contracts for and administers health plans, group insurance policies and flexible spending accounts for state employees and their dependents, representing over 138,000 Oregonians. PEBB is entirely funded with Other Funds through premiums collected for all insured individuals. Premiums are collected from state agencies, universities, and self-pay members to directly cover the costs of the plans. For fully-insured plans, the premiums PEBB collects are passed through to the appropriate carrier. For self-insured plans, PEBB maintains the Stabilization Fund, which must have a sufficient balance to cover claims risk. PEBB has been actively managing cost increases and has projected its 2017-19 budget based on a sustainable rate of growth target of no more than 3.4 percent per member growth per year.

Instead of responding to increasing cost trends with one of the conventional approaches to controlling health care spending—reducing provider payments, changing covered benefits or shifting costs to members— PEBB is moving down a new pathway with its new health care partners to transform the delivery system for better efficiency, value and health outcomes. Since moving to self-insurance beginning in 2006, PEBB has experienced lower costs each year compared to premiums collected.

The 2017-19 Governor's Budget for PEBB is \$1,895.8 million. This is an increase of six percent from the 2015-17 Legislatively Approved Budget.

The Oregon Educators Benefit Board

(OEBB) administers medical, dental, vision and other benefits for Oregon's school districts, community colleges, and education service districts. Additionally, with the passage of House Bill 2279 (2013), cities, counties and special districts became eligible to join the OEBB benefits program effective January 2014. OEBB designs and maintains a full range of benefit plans for eligible and participating entities to offer their employees and early retirees. OEBB's goal is to provide high-quality benefits for all eligible employees, early retirees, and their dependents at the lowest possible cost, and to work collaboratively with further advance the triple aim of health care. OEBB has prioritized choice in plan options for employers and employees as a savings option.

OEBB is funded through premium payments from school districts, community colleges, other government entities, and members. In the last several plan years, OEBB has had continued success at keeping its medical plan premiums lower than the overall trend of the state. As with PEBB, OEBB has been actively managing cost increases and has projected its 2017-19 budget based on a sustainable rate of growth target of no more than 3.4 percent per member per year.

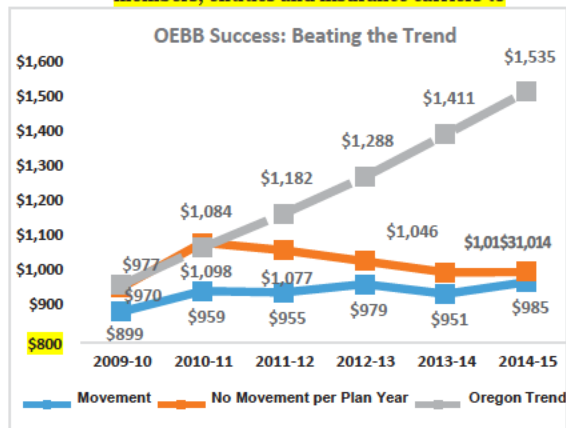
The Governor's Budget for OEBB is \$1,663.4 million Other Funds, which is an increase of seven percent from the 2015-17 Legislatively Approved Budget.

Public Health Program

The Public Health (PH) Division administers a variety of programs addressing behavioral and social drivers of health by working to ensure the physical and social environments promote health and make it easier for people to make healthy choices. PH programs can complement and amplify investments in health care programs and by focusing on prevention. They can have the potential to reduce the need for costly health care services. Oregon's public health system includes federal, state, counties and local agencies, private organizations and other partners. PH operates some programs directly and funds and coordinates other programs through the 34 local health departments across the state. At the state level of the system, PH plays a leadership role with the implementation of the ACA and health care transformation. Public Health has four general program areas overseen by the Office of the State Public Health Director:

- **Center for Health Protection** – Protects the health of individuals and communities through establishing, applying, and ensuring compliance with regulatory and health based standards. This includes protection from environmental health hazards, developing patient safety efforts, and quality improvement activities for all health care providers.

members, entities and insurance carriers to



- **Center for Prevention and Health Promotion** – Helps communities and residents achieve and sustain lifelong health, wellness, and safety. This includes prevention of chronic disease, child developmental delays, injuries and unsafe relationships, and physical and behavioral problems.
- **Center for Public Health Practice** – Prevents and controls diseases, monitors population health information, and ensures emergency public health services in natural and human-caused disasters.
- **Office of the State Public Health Director** – Provides scientific, fiscal, communications, and policy leadership to Public Health programs.

Public Health is primarily funded with Federal Funds and over 120 grants are categorically dedicated to specific Public Health programs. Public Health also collects Other Funds through fee-based programs. The 2017-19 budget either increases or establishes five different categories of fees consistent within meeting statutory requirements.

The Governor's Budget funds the Cleaner Air Oregon initiative in Public Health at a total \$720,300 General Fund. This initiative will improve the ability of OHA to protect Oregon communities from environmental health risks and reducing the rates of illness and decrease the overall costs of health care in Oregon. The Cleaner Air Oregon activities in Public Health will work in collaboration with two Cleaner Air Oregon initiatives the Governor's Budget also supports in the Department of Environmental Quality for Air Permitting and Air Toxics Monitoring.

The 2017-19 Governor's Budget for Public Health is \$648.3 million total funds, which is an increase of two percent from the 2015-17 LAB. The recommended General Fund budget is \$43.5 million, which is less than a one percent increase compared to the 2015-17 LAB.

Oregon State Hospital

The Oregon State Hospital (OSH) is an integral part of the statewide behavioral health system by providing psychiatric care for adults from all 36 counties at OSH's Salem and Junction City campuses. The hospital's primary goal is to help people recover from their mental illness and return to life in their communities. Patients receiving treatment in OSH fall into one of the following three commitment types:

- **Civil** - people who have been found by the court to be an imminent danger to themselves or others, or who are unable to provide for their own basic health and safety needs, due to their mental illness.
- **Guilty Except for Insanity** – people who committed a crime related to their mental illness.
- **Aid and Assist** – people who have been arrested but have been found unable to participate in their legal proceedings due to a mental illness and are in need of mental health treatment enabling them to understand the criminal charges against them and "aid and assist" in their own defense (often referred to as .370 population due to corresponding state statutory provision). The hospital has gone through significant programmatic changes in the past several years, underscored by the closure of the Blue Mountain Recovery Center in Pendleton and the Portland campus. The two remaining campuses have the capacity to serve up to 794 individuals, with 620 beds in Salem and 174 beds in Junction City. In November of 2016, OSH had about 625 individuals in its care, approximately 545 in Salem and 80 in Junction City.

The Governor's Budget plans for the closure of the Junction City campus after the first year of the 2017-19 biennium. This action will help transition patients to the appropriate treatment in independent settings. The budget also recognizes an anticipated increase in federal revenue through the certification of additional hospital beds with the Centers for Medicare and Medicaid.

The 2017-19 Governor's Budget for OSH is \$537.3 million total funds, which is an increase of three percent to the 2015-17 LAB. The General Fund budget is \$436.6 million, which represents a decrease of three percent.

Central Services

OHA Central Services provides the leadership and business support to achieve the agency's mission. This budget structure includes the Office of the Director and Policy, Communications, Human Resources, and Budget, Planning and Analysis.

- The Director's Office is responsible for the overall leadership, policy development and administrative oversight for the agency. This includes coordination with the Governor's Office, legislature, other state and federal agencies, tribal governments, partners and stakeholders, local governments, advocacy and client groups, and the private sector.
- The External Relations Division is responsible for building strong relationships with the public, media, legislature, and other agencies at the state and federal levels. The division also helps create a broad understanding of the ways in which OHA contributes to the health of Oregonians.
- The Fiscal Operations Division provides operational support and services to OHA. These include providing leadership and collaboration for strategic decisions of OHA programs through in-depth knowledge of OHA financial processes, federal programs and fiscal policy, business line funding streams, and state budget processes. The division also provides human resources services through recruitment and staffing, employee relations, organization and employee development, risk management, and human resource regulatory compliance.
- The Office of Equity and Inclusion works on behalf of OHA and the broader health system in the state to ensure the elimination of avoidable health care gaps and to promote optimal health in Oregon for everyone.

Central Services is funded based on a federally approved cost allocation plan where programs are charged for services to its respective state and federal funding sources. The 2017-19 budget makes several technical adjustments and includes an additional \$4.2 million General Fund to support the inclusion of OSH in the agency's cost allocation model. The Governor's Budget is \$36.1 million total funds, which represents an increase of one percent over the 2015-17 LAB. The General Fund budget is \$23.4 million, which is an increase of twenty percent, which is primarily due to the costs associated with the OSH cost allocation adjustment.

Shared Services

The Shared Services budget structure includes costs associated with business functions supporting both the Department of Human Services (DHS) and OHA under a joint governance agreement. Funding for Shared Services is based on cost allocation statistics, which determine the distribution of expenditures to OHA or DHS and the revenue distribution by General Fund, Other Funds, and Federal Funds.

OHA Shared Services contains the Office of Information Services and Information Security and Privacy Office. Within the DHS budget, the Shared Services contains: the Office of Forecasting;

Office of Financial Services; Office of Human Resources; Facilities; Office of Imaging and Records Management; Office of Payment, Accuracy, and Recovery; Performance Excellence Office; and Internal Audit offices. Shared Services is funded entirely by Other Funds transferred from different OHA and DHS programs through a federally approved cost allocation plan. The model contains a billing allocation module and grant allocation module.

The 2017-19 budget makes several adjustment to properly support the shared service expenditures of policy proposals funded elsewhere in the budget. These include the DHS Integrated Eligibility Project and Medicaid Management Information System Modularization. While the budget supports these investments, it does eliminate the Oregon Enterprise Data Analytics program in DHS, thus reducing costs to OHA. The Governor's Budget for Shared Services is \$163.1 million total funds, which represents a thirteen percent increase from the 2015-17 LAB.

State Assessments and Enterprise-wide Costs

State Assessments and Enterprise-wide Costs (SAEC) is the budget structure for payments to DAS and third parties for goods and services that serve the whole agency, such as facility rents, state data center charges, DAS risk assessment, DAS government services charges, unemployment assessments, mass transit taxes, computer replacement, and debt service.

SAEC is funded based on cost allocation statistics. This allocation method determines the distribution of expenditures to OHA and DHS, the revenue distribution by General Fund, Other Funds, and Federal Funds. The Governor's Budget for SAEC is \$285.2 million total funds, which represents an increase of four percent over the 2015-17 LAB. The General Fund budget is \$169.7 million, which represents an increase of five percent over the 2015-17 LAB.

From: [MACDONALD Thomas * DAS](#)
To: [EDLUND Tina * GOV](#); [ROMAN Linda * GOV](#)
Subject: RE: Rough Draft of Part 1
Date: Friday, November 16, 2018 10:53:28 PM
Attachments: [OHA_2019-21 Gov'sBudget v2.docx](#)

Thanks, Tina. I will let George & co. know. We may very well end up on parallel review tracks since I may have to turn this in by then (but I'll check). I know that once George and Kate review our write-ups, they're going to Nik for review, so it's not the end of it.

At the risk of version control issues, I've attached my latest working draft, which you can ignore if you've already made headway on the first version. Linda – I'll incorporate your input with however you provide it. Most of what I've updated in the latest version is in the budget structure summaries as part of the second half, which has kind of a standard format and flow for all agencies.

In the top section, I've now included the OHSU language. For everything, there's still a lot of polishing I need to work on tomorrow.

Thanks for your help.

Tom

From: EDLUND Tina * GOV
Sent: Friday, November 16, 2018 8:35 PM
To: MACDONALD Thomas * DAS <Thomas.MACDONALD@oregon.gov>; ROMAN Linda * GOV <Linda.ROMAN@oregon.gov>
Subject: RE: Rough Draft of Part 1

Hi Tom,

I will be at the coast at a meeting with the Governor tomorrow—won't return until the late afternoon, so likely won't have a chance to set eyes on this until after 5. I will work from Linda's review/edits.

T

From: MACDONALD Thomas * DAS <Thomas.MACDONALD@oregon.gov>
Sent: Friday, November 16, 2018 7:46 PM
To: EDLUND Tina * GOV <Tina.EDLUND@oregon.gov>; ROMAN Linda * GOV <Linda.ROMAN@oregon.gov>
Subject: RE: Rough Draft of Part 1

I just realized that I forgot to include the OHSU verbiage in what I shared a little while ago. I'll include it now, but will hold off on sending you another copy until you have a chance to review the first iteration.

From: MACDONALD Thomas * DAS
Sent: Friday, November 16, 2018 5:44 PM
To: EDLUND Tina * GOV <Tina.EDLUND@oregon.gov>; ROMAN Linda * GOV <Linda.ROMAN@oregon.gov>
Subject: Rough Draft of Part 1

Attached is a rough draft of what I've written for the first half of what goes in the big budget book for OHA. You can stop reading once you reach the section entirely highlighted in yellow, which hasn't been worked on. I haven't proofed or word-smithed this yet, and I still need to put in some visuals, but I wanted to get it to you so that you can see how it's taking shape.

Feel free to provide your feedback any way you like—such as putting comments or edits directly in the document, providing bullet points on what you want to see more or less of, a simple thumbs up/down, or gasps of horror. If you do make changes, it would be helpful to do so with Track Changes turned on since I'm continuing to draft the other sections.

Thank you!

Tom MacDonald

Policy and Budget Analyst

Chief Financial Office

Department of Administrative Services

503-586-6689

Oregon Health Authority

General Fund			
Lottery Funds			
Other Funds			
Federal Funds			
Other Funds (Nonlimited)			
Federal Funds (Nonlimited)			
Total Funds			
Positions			
Full-time Equivalent			

OVERVIEW

The Governor's Budget for the Oregon Health Authority (OHA) reinforces the state's commitment to making the health of Oregonians a core foundation of the state while ensuring the health care delivery model remains sustainable during a time of increasing cost pressures and reduced federal funding. The budget helps achieve critical health care outcomes through strategic investments, revenue reforms, and cost savings measures – all while preserving health care benefits and eligibility and holding the state's health care programs to high standards.

OHA achieves its mission of helping people and communities reach optimal physical, behavioral, and social well-being through the following health care programs: Oregon Health Plan (OHP), Non-Medicaid behavioral health services, the Oregon State Hospital, Public Health, Health Policy and Analytics, the Public Employees' Benefit Board (PEBB), and the Oregon Educators Benefit Board (OEBB). The nine-member Oregon Health Policy Board also serves as the policy-making and oversight body for OHA and helps ensure access to quality, affordable health care for all Oregonians.

The OHA budget directly impacts a significant portion of Oregon's population:

- Nearly 1,300,000 individuals receive health care coverage through OHP, PEBB, and OEBB;
- Over 50,000 individuals receive behavioral health support and treatment services through local community mental health and substance use disorder programs;
- Approximately 600 individuals receive 24-hour psychiatric care through the Oregon State Hospital system; and
- Every Oregonian benefits from disease prevention and wellness services provided by the Public Health Division.

There are also more than 115,000 Oregonians who purchase federally-subsidized coverage through the state's Health Insurance Marketplace, which allows individuals to obtain affordable quality health insurance coverage. In 2017, Governor Brown expanded coverage even farther by signing "Cover All Kids" into law, which extended eligibility for medical assistance to all Oregon children residing in families with incomes up to 300 percent of the poverty level. All children in Oregon now have access to quality health care coverage.

Commented [MT*C1]: = 1M Medicaid, 137,937 PEBB, 133,375 OEBB

Commented [MT*C2]: Published caseload forecast for Non-Medicaid Behavioral Health

Commented [MT*C3]: Census as of 11/16/18

In less than a decade, Oregon's focus on health care has vastly increased the overall number of Oregonians who have comprehensive coverage—pushing the rate of coverage from 83 percent of all Oregonians in 2010 to 94 percent today. Yet coverage alone is not enough. Meaningful improvement in health requires having the same kind of access to oral health and behavioral health as we have for traditional physical health care services. The state must also continue to improve the affordability and sustainability of our health care system while ensuring Oregonians can be as healthy as possible.

Commented [MT*C4]: Looking for data point

Governor Brown's 2019-21 budget addresses these important issues by taking a multi-biennia approach to ensure our health care program remain sustainable and implements a robust health care agenda focused on addressing the underlying costs and raising the bar for health outcomes.

GOVERNOR'S BUDGET

The 2019-21 Governor's Budget for OHA totals \$22,048.2 million, which represents an increase of nine percent from the 2017-19 Legislatively Approved Budget (LAB). The General Fund budget totals \$2,441.5 million and represents a 12.8 percent increase compared to the 2017-19 LAB. The budget supports 4,297 positions (4,221.17 FTE).

The Governor's plan advances Oregon's success with health care transformation through the following interrelated strategic reforms and investments: helping children achieve their full potential; enhancing the behavioral health system; improving overall health outcomes; and sustaining Oregon's health care model.

Helping Children Achieve their Full Potential

Governor Brown convened her Children's Cabinet in 2017 to create pathways toward prosperity for children and their families. Through the Cabinet's recommendations and the strategies outlined in the Governor's Health Care and Addictions and Recovery Agendas, health care is at the intersection of children being able to grow up to be successful adults. Oregon effectively has health care coverage for 100 percent of children in the state, with children in low-income families covered by Medicaid and the Children's Health Insurance Program (CHIP). But more needs to be done given the unique challenges faced by families and the multi-generational issues holding many children back.

To address these challenges, the Governor's Budget makes key investments in evidence-based health care solutions that provide an important return on investment toward helping families achieve success.

- Multi-Generational Addictions Treatment - The indiscriminate chronic disease of substance use disorder (SUD) plagues Oregon families from all backgrounds. Parents and caregivers who suffer with SUD expose their children to adverse childhood experiences, thus increasing the probability that kids will suffer from the same chronic illness. To help break the cycle of addiction passed through generations, the Governor's Budget invests \$5 million to expand prenatal and postpartum treatment and support for mothers.
- Intensive In-Home Behavioral Health – Due to a lack of intensive community-based services, many Medicaid-eligible youth are referred to residential care instead of receiving treatment in their home community. The creation of new intensive care opportunities in communities will provide alternatives to residential services and help keep families together. The Governor's Budget includes \$19.6 million in state and federal matching funds to enable coordinated care organizations and providers to deliver such services,

Commented [MT*C5]: Project Nurture

which can include individual and family therapy, peer-delivered services, medication management, and 24-hour crisis response.

- Universal Home Visiting – Home visiting programs are a proven way of creating a safe and healthy environment for children and helping to form the foundation for a lifetime of physical and mental well-being. The Governor’s Budget recognizes this through an \$8.7 million investment for a Universal Home Visiting program to complement existing home visiting services by helping families enter into their community system of care. This investment will help bring together community partners to improve health outcomes, reduce adverse childhood experiences, decrease rates of maternal mortality, enhance positive parenting behaviors, and put in place a system of preventive care that avoids downstream costs.
- Regional Assessments – The Governor’s Budget includes \$10.4 million to support integrated evaluations and care planning for children and their families. This reflects a new model, with a priority to assist the children who are inappropriately placed in a certain setting, such as temporary lodging or Emergency Department boarding, through evaluation, assessment, and stabilization. On an ongoing basis, these regional programs will be the go-to source when children are “stuck” in an inappropriate placement. Regional Assessment Programs may be co-located with short-term stabilization beds to support children when an appropriate placement is not immediately available.
- Reduce Risk Factors for Suicide – Investing in earlier intervention and access to behavioral health services for Oregon’s elementary, middle school, and high school students will help them stay in school, improve learning outcomes, graduate, and prevent detrimental behavioral health issues. This is critical in order to stem the rising rate of suicide. To support this goal, the Governor’s Budget provides a \$13.1 million investment to implement the priorities in the Youth Suicide Intervention and Prevention Plan, support mental health consultation and treatment in schools, help communities in crisis, and develop a comprehensive adult suicide prevention plan.
- Office of Child Health – OHA currently lacks a defined team able to provide the necessary focus on prenatal and child health initiatives. To remedy this, the Governor’s Budget creates the Office of Child Health to improve OHA’s ability to improve long-term health outcomes in Oregon, with a focus on the prenatal through age 5 population.

Commented [MT*C6]: State and Medicaid funding

Enhancing the Behavioral Health System

A key strategy to achieving lower costs, better outcomes and better health is to reduce the silos in health care. Physical health, mental health, substance use disorder treatment, and oral health services are too often delivered in separate, fragmented ways. By integrating these services and making targeted investments where needed, Oregon can expand access to appropriate treatment at the right time, maximize the opportunity to achieve better health outcomes, and help lower costs.

- Advancing Behavioral Health Integration – Improving the behavioral health system is one of the Governor’s top priorities through CCO 2.0. To establish a more connected system, the Governor’s Budget provides \$5.9 million to incentive providers to invest in foundational technical, especially behavioral health electronic health records, help adapt the primary care home model to advance integration within behavioral health settings,

and improve access to evidence based pharmaceutical treatments and practice guidelines.

- Develop Alternatives to Opioids – As part of the Governor’s strategy to address the opioid epidemic, her budget makes further investments to train providers in appropriate opioid prescription practices and alternative approaches to pain management.
- Community Mental Health Investments – One of the most critical relationships in Oregon’s behavioral health system is that of the Oregon State Hospital and community mental health treatment programs. Although a key goal of Oregon’s mental health system is to treat patients in communities as opposed to providing institutionalized care, some patients in the criminal justice system must receive treatment in the State Hospital under court orders as a result of their inability to “aid and assist” in their own defense. Due to a prolonged increase in the Aid and Assist population, the State Hospital is unable to accept new patients from the courts in a timely manner as required by statute. This capacity constraint also negatively impacts other types of patients who need hospital level of care and strains communities struggling to appropriately treat these patients.
- The Governor’s Budget addresses this situation through a multi-faceted strategy. First, the budget supports the opening of a new unit at the State Hospital for 12 months as a stop-gap solution to resolve the immediate capacity needs. Second, her budget invests \$7.6 million to increase long-term capacity for intermediate services at the community level. This investment is in addition to \$4.1 million invested in the community mental health system in 2015-17 to increase the number of patients treated in the community. The 2019-21 investments complement statutory reforms proposed by the Governor to ensure the State Hospital’s costly level of care aimed at the hardest to treat patients is not used for patients who commit low-level misdemeanors who would be more appropriately treated in community settings.

Commented [MT* C7]: This can be taken out. But it is a reminder that we’ve given money to counties in the past and have received no data back that it’s actually done anything.

Improving Health Outcomes

Improving the health status of every Oregonian requires pushing the coordinated care model beyond the success of the past six years by spurring sustainable community innovation, investing in social determinants of health and equity, and strengthening connections to public health, human services, and long-term support.

- CCO 2.0 – OHA is currently undertaking the significant advancement of the coordinated care system in preparation for a new procurement of CCOs in 2020. The priorities outlined by the Governor for this endeavor focus on improving the behavioral health system, increasing value and pay for performance, maintaining sustainable cost growth, and addressing social determinants of health and equity. While essentially all of investments and reforms included in the Governor’s Budget for OHA support this initiative, the budget also provides the resources necessary for OHA to carry out the immense work and achieve the goals of CCO 2.0.
- Public Health Modernization – A healthy population requires a 21st century public health system with the capacity and resilience to provide foundational public health services across the state, such as communicable disease control, chronic disease prevention, and emergency preparedness. The Governor builds on the 2017-19 investment in Public Health Modernization with an additional \$13.6 million.

- **Housing Support** – Access to safe, quality, and affordable housing—including the support necessary to maintain that housing—represents one of the most critical social determinants of health. Under the Governor’s leadership, OHA and Oregon Housing and Community Services are collaborating to create at least 500 new units of permanent supportive housing across Oregon to help the chronically homeless get off the streets and have access to addiction and mental health treatment. The Governor’s Budget includes \$4.5 million for OHA to provide behavioral health and other critical support to these individuals as these housing units become available later in the 2019-21 biennium.
- **Tobacco Cessation** – Tobacco remains the number one cause of preventable death and disease in Oregon. About 31 percent of adults on OHP currently smoke. Most addiction to tobacco starts in adolescence; nine of 10 adults who smoke report that they started smoking before turning 18. Medical expenses and lost wages that result from tobacco-related disease and premature death cost Oregon \$2.5 billion each year, or \$1,600 for every Oregon household in our state. Increasing the price of tobacco products is one of the most effective policy tools to reducing tobacco use, yet Oregon’s cigarette prices remain lower than over 30 other states. The Governor’s Budget increases cigarette taxes to be aligned with the cigarette prices of neighboring California and Washington. The budget also increases the taxes of other tobacco products and extends the existing wholesale tax for other tobacco products to vaping products.
- **Ending Hepatitis C Infections** – Hepatitis C is one of the most common blood-borne diseases in the United States and also one of the driving causes of liver cancer and liver transplants. Fortunately, new treatment exists to cure infected patients. Although the cost for these treatments continue to decline, they still remain expensively prohibitive. An investment in the 2017-19 biennium enabled OHA to expand Hepatitis C treatment to Oregon Health Plan patients with later stages of the disease. The 2019-21 Governor’s Budget increases this investment with an additional \$107 million in state and federal resources to ensure treatment is available to Oregon Health Plan members with any stage of the disease and puts the state on track to ending the cascading effects of infections.

Sustaining Oregon’s Health Care Model

One of the predominant challenges facing the Oregon Health Plan continues to be the growth in the level of state funds needed to sustain health care services absent any reforms to program revenue or significant reductions in health care. A significant portion of the program has been supported with revenue no longer available in 2019-21. This challenge is exacerbated by declining support in federal revenue due to decreasing federal matching rates.

The Governor’s Budget addresses the challenge of appropriately, sustainably, and equitably funding our health care system by reforming the way in which hospitals, insurers, and CCOs contribute to the system through assessments on their revenue. These reforms reflect that the health system as a whole has fared well through the significant expansion of coverage since 2014, as indicated through increased revenue margins for both hospitals and CCOs.

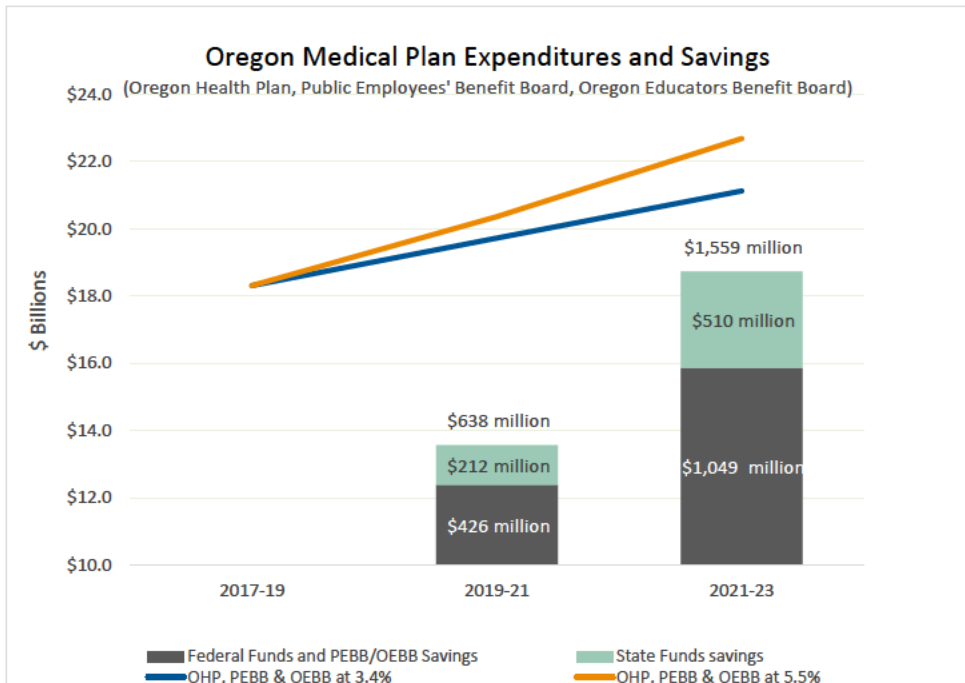
To address the issue of OHP funding, the Governor convened a workgroup of health care partners to arrive at a consensus-driven plan to secure long-term, sustainable funding for the Oregon Health Plan. The recommended plan includes broad-based sustainable revenue over a six-year timeline. Revenue reforms are not the only critical piece to sustaining the Oregon Health Plan. Without strong cost controls, health care will continue to outstrip the growth of state revenue and personal income. Taken as a whole, the Governor’s Budget takes an

Commented [MT*C8]: <https://www.oregon.gov/oha/PH/PreventionWellness/TobaccoPrevention/Documents/TPEP%20Report%202015%20to%202017.pdf>

Commented [MT*C9]: Need to verify...think we're around 33 or 34.

important step forward in ensuring the Oregon Health Plan is on a sustainable path without sacrificing coverage or the quality of care.

- **Hospital Assessment** – The budget revises the Hospital Assessment structure to maximize the fully reimbursable hospital assessment from 5.3 percent to 6 percent of net patient revenue for Diagnostic Related Group hospitals.
- **Health Insurance, Managed Care, and Stop-Loss Assessments** – The budget reinstates the current insurance and managed care tax that expires at the end of 2019 at 2 percent of premiums and broadens the base by including an assessment on stop-loss coverage. This plan not only funds the Oregon Health Plan, but also some of the revenue for the Oregon Reinsurance Program in the individual market, which lowers premiums on average by 6 percentage points for 220,000 Oregonians.
- **Subsidized Employer Assessment** – There are approximately 1 million workers in Oregon employed by firms with 50 or more employees and approximately 25 percent of them are either ineligible for, or not offered health care coverage through, their employers. Many of these employees must therefore obtain health care coverage through the Oregon Health Plan and other publically supported programs. Put differently, public programs that provide affordable health care coverage, such as the Oregon Health Plan, are subsidizing some employers who do not provide health care coverage to low-income workers, or whose workers cannot afford the coverage they are offered. A new Subsidized Employer Assessment will levy an assessment on employers who do not meet threshold health care contributions on behalf of their workers.
- **Tobacco Tax:** As discussed above, the Governor’s budget increases cigarette taxes by \$2.00 pack, aligning the state with Washington and California cigarette taxes. The proposal also extends the existing wholesale tax on “other tobacco products” to e-cigarettes and vaping products. Net proceeds from the additional tobacco tax revenue will help support the Oregon Health Plan.
- **Bending the Cost Curve** – The Governor’s Budget maintains Oregon’s place as a leader in holding per capita cost growth well below national trends. Annual health care spending for the Oregon Health Plan, PEBB and OEBC remains capped at 3.4 percent per member. When CCOs stay within their budget target, meet their quality goals, and provide required services, they have the flexibility to implement innovative quality improvement programs and invest in health-related services that align with elements of their community plans, such as housing support, food security, and community activities that support a healthy population. With flexible spending investments in community-based social services, CCOs have effectively redefined “physical health” to focus on a much broader definition of “community health.” Overall, holding CCOs, PEBB, and OEBC to 3.4 percent per capita cost growth results in significant savings to both the state and federal governments. When comparing this rate to projected national annual health care cost increases of 5.5 percent, Oregon’s approach is estimated to save a total of \$638 million in 2017-19 and \$1,559 million in 2019-21.



In addition to these revenue reforms and on-going containment efforts to bend the cost curve, the Oregon Health and Sciences University (OHSU) continues to be a strong partner in helping the state sustain Oregon's health care system through the intergovernmental transfer (IGT) program established in 2017-19. OHSU, as Oregon's only public academic health, is a critical part of the safety net for Oregon's most vulnerable providing health care services to a large number of Medicaid members, training Oregon's health care workforce across the state, and engaging in research to improve care and bring significant federal dollars to Oregon. By removing OHSU from the hospital tax in the 2017 legislative session, the state and OHSU have collaborated to increase the amount of funding available for the Medicaid program. This budget reflects an additional \$252 million in state funds, which raises the total state funds to 432 million from the OHSU IGT program for the Medicaid program. The Governor's Budget reflects providing critical funding for OHSU at 87 percent of cost for the Medicaid members OHSU serves and holds OHSU's unit cost growth to no more than 3.4 percent annually for the Medicaid program.

REVENUE SUMMARY

Approximately 54 percent of OHA's budget is supported with Federal Funds, of which a significant portion represents federal Medicaid dollars matched with state funds. Federal Medicaid reimbursement is based on the Federal Medical Assistance Percentage (FMAP) and there are three key rates determining how much state funding is required to support Medicaid caseload expenditures. Based on recent decreases in these rates, a significant amount of

additional state funding is required to support the Oregon Health Plan compared to prior years. Other important federal revenue sources include the Mental Health Services Block Grant, the Substance Abuse Prevention Treatment grant, and various federal grants supporting the Public Health Division and Health Policy and Analytics. General Fund represents over 10 percent of the budget, a significant portion of which is used to match federal Medicaid dollars. Other Funds used to support the Governor's Budget for OHA include funds from health care providers to support the Oregon Health Plan, tobacco taxes, and revenue from the national Tobacco Master Settlement Agreement.

AGENCY PROGRAMS

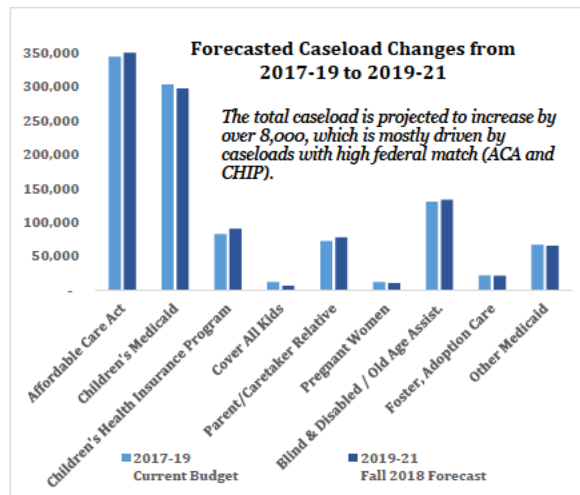
Health Systems Division

The Health Systems Division (HSD) ensures the systematic transformation of health care in Oregon by delivering integrated health care services, strengthening the coordinated care model, and improving health outcomes through administration of the state's Medicaid and non-Medicaid programs.

Medicaid: OHA is the state designated agency responsible for Medicaid, which is jointly funded by states and the federal government. Most of the state's Medicaid coverage is provided through OHP, which provides comprehensive physical, behavioral, and oral health care coverage to low-income adults and children. Currently, approximately one million individuals across several caseload categories receive Medicaid coverage in Oregon.

Oregon's health care system has experienced significant changes upon the creation of coordinated care organizations (CCOs) in 2012 to manage most OHP services. The coordinated care model emphasizes prevention and helping people manage chronic conditions which, in turn, helps reduce unnecessary and expensive medical services and supports healthy living. There are currently 15 CCOs operating in Oregon.

To guide the next five years of coordinated care, OHA is working with the Oregon Health Policy Board (OHPB), policymakers, stakeholders, and OHP members to bring forward new ideas to address the gaps and challenges persisting in Oregon's health care system. This next phase of health care transformation is referred to as "CCO 2.0." OHA's focus on this effort is guided by four priorities identified by the Governor: 1) improve the behavioral health system; 2) increase value and pay for performance; 3) focus on the social determinants of health and health equity; and 4) maintain sustainable cost growth. The Governor's Health Care Agenda and 2019-21 investment proposals are heavily centered on these four priorities.



Non-Medicaid Behavioral Health: The Non-Medicaid Behavioral Health budget supports critical elements in Oregon’s community behavioral health system that serve as the safety net for all Oregonians regardless of health care coverage. A significant portion of Non-Medicaid services is provided through community mental health programs and alcohol, drug, and gambling addiction treatment providers. An important focus of the Non-Medicaid system is to respond to individual and community crises and meet the immediate behavioral health needs for a defined population and geographic region. Non-Medicaid funds also supports OHP members through the purchase of social support services not included in the Medicaid benefit package, such as early outreach and engagement, peer-based recovery, and housing services.

The services provided through the Non-Medicaid program must be in compliance with an agreement reached with the United States Department of Justice (USDOJ) in 2012. This agreement requires the state to take steps to better provide individuals with serious and persistent mental illness with the critical community services necessary to help them live in the most integrated setting appropriate to their needs and achieve positive outcomes. The budgetary and programmatic decisions for Non-Medicaid Behavioral Health continue to be made in accordance with the objectives of the USDOJ agreement.

The overall Health Systems Division budget, including Medicaid, Non-Medicaid Behavioral Health, and related administration, totals \$16,183.3 million, which represents a nine percent increase from the 2017-19 LAB. The recommended General Fund budget is \$1,568.5 million, which represents a 14 percent increase from the 2017-19 LAB. The majority of the health care investments and revenue reforms summarized above are funded through the Health Systems Division. Other key investments in this division includes \$6.7 million to replace OHA’s outdated behavioral health data systems and \$9.1 million General Fund to backfill declining Other Funds revenue for Non-Medicaid Behavioral Health.

Health Policy and Analytics

Health Policy and Analytics (HPA) provides policy support, technical assistance, and access to health information statistics and tools to all organizations and providers participating in Oregon’s health system transformation. The key functions of HPA are: Health Policy; Clinical Improvement Services; Health Analytics; Health Information Technology; Business Support; and PEBB and OEBC, which are operationally situated in HPA but have separate budget structures. In addition to these, the Governor’s Budget establishes the Office of Child Health within HPA to improve OHA’s ability to improve long-term health outcomes for the prenatal through age five population.

HPA is largely supported by federal Medicaid dollars matched with General Fund. The program also receives Federal Funds from the Health Resources and Services Administration Primary Care grant, and Health Information Technology Electronic Health Record funds. HPA receives Other Funds revenue from various grants and fees.

The Governor’s Budget totals \$195.3 million, which represents a seven percent increase from the 2017-19 LAB. The General Fund budget is \$51.3 million, which is an 18 percent increase from LAB. The change in General Fund is largely due to the Governor’s investments in CCO 2.0, the creation of the Office of Child Health, and investment in Intensive In-Home Behavioral Health Services.

Public Employees’ Benefit Board

The Public Employees' Benefits Board (PEBB) designs, contracts for, and administers health plans, group insurance policies, and flexible spending accounts for state and university employees and their dependents, representing nearly 140,000 Oregonians. In 2006, PEBB moved toward self-insurance, which gives the Board more flexibility in plan design to meet specific goals, which contributes to the Board's success in keeping premium increases low. PEBB supports OHA's goal to transform the health care system in Oregon and to fundamentally improve how care is paid for and delivered.

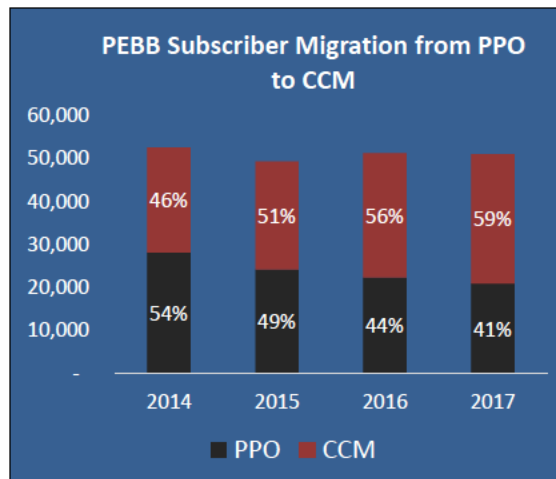
The PEBB budget is funded entirely with Other Funds revenue from premiums collected for all insured individuals, a significant portion of which comes from General Fund resources paid by other state agencies and organizations for their share of premium costs. Consistent with the state's strategy for transforming health care and bending the cost curve, PEBB holds annual growth in per member costs to 3.4 percent. In the 2017 Legislative Session, Senate Bill 1067 codified the parameters around the annual growth rate by requiring PEBB to use methodologies to limit annual self-insured and premium increases to no more than 3.4 percent per member per year starting in plan year 2019 (January 1, 2019). The bill also ties hospital rates paid by PEBB to no more than 200 percent of Medicare rates for in-network hospitals and no more than 185 percent of Medicare rates for out-of-network hospitals.

Similar to OHP, a key part of PEBB's ongoing strategy to improve health outcomes while bending the cost curve relates to promoting the coordinated care model (CCM) through the use of patient-centered primary care homes. This model focuses on primary care and prevention and has defined quality and access standards. CCM plans provide an opportunity for reducing utilization of unnecessary services, improving coordination of disease management among varying providers, and using innovative reimbursement models. The migration of PEBB members from more expensive Preferred Provider Organization plans to CCM plans have been important in maintaining annual cost growth to no more than 3.4 percent per member per year.

The 2019-21 Governor's Budget for PEBB is \$2,099.7 million, which represents a seven percent increase from the 2017-19 LAB. The budget invests funding for PEBB's share of a planning project to replace the legacy benefit management systems of both PEBB and OEGB with a modern solution.

Oregon Educators Benefit Board (OEGB)

OEGB administers medical, dental, vision, and other benefits for more than 130,000 employees, retirees, and their family members in Oregon's K-12 school districts, education service districts, and community colleges. Additionally, with the passage of House Bill 2279 (2013), cities, counties and special districts became eligible to join the OEGB benefits program effective January 2014. OEGB designs and maintains a full range of benefit plans for eligible and



participating entities to offer their employees and early retirees. OEBB's goal is to provide high-quality benefits for all eligible employees, early retirees, and their dependents at the lowest possible cost, and to work collaboratively with members, entities and insurance carriers to further advance the triple aim of health care. As with PEBB, Senate Bill 1067 (2017) requires OEBB to use methodologies to limit annual premium increases to no more than 3.4 percent per member per year. Likewise, the bill requires OEBB to tie rates paid to hospital to no more than 200 percent of Medicare rates for in-network hospitals and no more than 185 percent of Medicare rates for out-of-network hospitals.

OEBB has controlled costs by using alternative payment models, offering its members a wide-range of plans, and—much like PEBB—encouraging the migration from preferred provider organization plans to coordinated care model plans, which have lower premiums. Although OEBB's actuary often projects medical inflation for OEBB at between five and seven percent, OEBB continues taking action to beat the trend and hold annual per member increases to no more than 3.4 percent.

The OEBB budget is funded entirely by Other Funds revenue. The insurance plans purchased by OEBB are supported by the premium payments from members and the Board's operational expenses are funded through administrative assessment, which cannot exceed two percent of total monthly premiums. For plan year 2018-2019, the administrative assessment is 1.3 percent.

The 2019-21 Governor's Budget for OEBB is \$1,740.4 million, which represents a seven percent increase from the 2017-19 LAB. As with PEBB, the budget invests in OEBB's share of the planning project to replace the PEBB and OEBB benefit management systems.

Public Health Division

The Public Health Division promotes health and prevents the leading causes of death, disease and injury in Oregon. Public Health does this by administering a variety of programs addressing behavioral and social drivers of health, and by working to ensure the physical and social environments promote health and make it easier for people to make healthy choices. Oregon's public health system includes federal, state, counties and local agencies, private organizations and other partners. Public Health operates some programs directly and funds and coordinates other programs through 33 local health departments across the state.

By focusing on prevention, Oregon's public health system lessens the effect of health threats on people's lives and lowers demand for expensive health care interventions. The public health and health care approaches for addressing social factors that affect health are complementary. Oregon is poised to be a leader in leveraging sectors to address social conditions that affect health, such as housing. At the state level of the system, Public Health plays a leadership role with the implementation of the ACA and health care transformation.

Public Health Modernization remains a top priority for the 2019-21 biennium and the Governor builds on the existing \$5 million modernization budget with an additional \$13.6 million investment in 2019-21. In general, modernization of the public health system means every person in Oregon has access to the same basic public health protections and the system is held accountable for being efficient and driven toward health outcomes. A modern public health system ensures foundational public health protections are in place for every person in Oregon, that the public health system is prepared and has the right resources to address emerging health threats, and that the public health system is focused on building health equity and eliminating health disparities.

Public Health will also implement the Universal Home Visiting investment discussed above. Additionally, the Governor's Budget maintains support for county public health authorities by

backfilling decreasing Other Funds revenue with \$5.5 million General Fund.

The 2019-21 Governor's Budget for Public Health totals \$725.4 million, which represents an 18.6 percent increase from the 2017-19 LAB. The General Fund budget is \$83.3 million and represents a 28.3 percent increase.

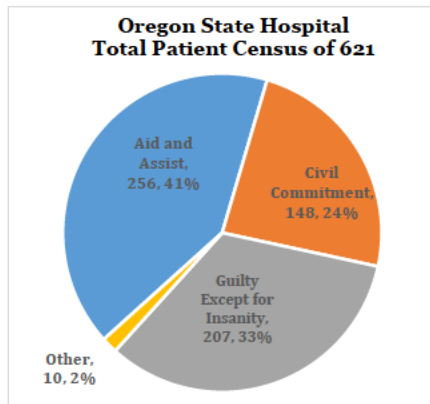
Oregon State Hospital

The Oregon State Hospital (OSH) is an integral part of the statewide behavioral health system by providing psychiatric care for adults from all 36 counties at OSH's Salem and Junction City campuses. The hospital's primary goal is to help people recover from their mental illness and return to life in their communities. The hospital has gone through significant programmatic changes in the past several years, underscored by the closure of the Blue Mountain Recovery Center in Pendleton and the Portland campus. The two remaining campuses have the maximum capacity to serve up to 766 individuals, with 592 beds in Salem and 174 beds in Junction City. Patients receiving treatment in OSH fall into one of the following three main commitment types:

- Civil Commitment - people who have been found by the court system to be an imminent danger to themselves or others, or who are unable to provide for their own basic health and safety needs due to their mental illness.
- Guilty Except for Insanity - people who committed a crime and are found by a court to be Guilty Except for Insanity. While these patients receive treatment at OSH, they are under the jurisdiction of the Psychiatric Security Review Board.
- Aid and Assist - people who have been arrested but have been found unable to participate in their legal proceedings due to a mental illness and are in need of mental health treatment to help them understand their criminal charges and "aid and assist" in their own defense (often referred to as ".370 patients" due to the corresponding state statutory provision).

OSH's role is to provide services and treatment to individuals in a way to prepare them to return to the community as soon as they are ready. Services include 24-hour on-site nursing, psychiatric and other credentialed professional staff, treatment planning, pharmacy, laboratory, food and nutritional services, and vocational and educational services. To ensure only people who need hospital-level care are admitted, a robust array of preventive, treatment, and crisis services must be available in local communities. In addition, to ensure people can be released from the hospital when they are ready, the community behavioral health system must have sufficient capacity to provide services in a variety of integrated and independent settings to meet each individuals' needs. Any restrictions within the community-hospital continuum can result in a backup of the behavioral health system which can reach as far as community hospital emergency departments.

As a result of a prolonged increase in the Aid and Assist population, the Governor's Budget supports the opening of a 25-bed unit at the State Hospital for 12 months as a stop-gap to meet statutory timeliness standards related to court-ordered admissions and ensure these patients receive care. As part of this strategy, the Governor's Budget invests \$7.6 million General Fund in the Health Systems Division budget to create additional capacity in local communities for intermediate treatment placements. This will enable the new unit to eventually draw down its population, consistent with the Governor's vision of ensuring patients, to the extent possible, receive appropriate treatment in the community.



The 2019-21 Governor's Budget for OSH totals \$608.1 million, which is an increase of eight percent from the 2017-19 LAB. The General Fund budget is \$500.8 million and represents an increase of eight percent.

Central Services

OHA Central Services provides the leadership and business support to achieve the agency's mission. This budget structure includes the Office of the Director and Policy, Communications, Human Resources, and Budget, Planning and Analysis.

- The Director's Office is responsible for the overall leadership, policy development and administrative oversight for the agency. This includes coordination with the Governor's Office, legislature, other state and federal agencies, tribal governments, partners and stakeholders, local governments, advocacy and client groups, and the private sector.
- The External Relations Division is responsible for building strong relationships with the public, media, legislature, and other agencies at the state and federal levels. The division also helps create a broad understanding of the ways in which OHA contributes to the health of Oregonians.
- The Agency Operations Division provides operational support and human resources services to OHA. The division includes Central Operations and Human Resources
- The Fiscal Operations Division provides oversight of financing policies and coordinates budget development and execution for OHA. The division includes the functional areas of budget and health care finance.
- The Office of Equity and Inclusion works on behalf of OHA and the broader health system in the state to ensure the elimination of avoidable health care gaps and to promote optimal health in Oregon for everyone.

Central Services is funded based on a federally approved cost allocation plan where programs are charged for the services they use. The 2019-21 Governor's Budget totals \$36.9 million, which represents less than a one percent increase from the 2017-19 LAB. The General Fund budget is \$28.2 million and represents a 14.6 percent increase from the LAB.

Shared Services

The Shared Services program area supports certain business functions for both the Department of Human Services (DHS) and OHA under a joint governance agreement. Shared Services contains the Office of Information Services (OIS) and the Information Security and Privacy Office (ISPO). OIS provides information technology systems and services for nearly 16,000 staff at numerous locations across the state. ISPO provides information security services by using business risk-management practices to protect confidential information and educating staff and agency partners on how to protect this information and report incidents when they occur. The functional scope of this office continues to change as the implementation of Senate Bill 90 (2017), which centralized certain IT security functions within the Office of the State Chief Information Officer, takes shape.

Shared Services is funded entirely by Other Funds transferred from different OHA and DHS programs through a federally approved cost allocation plan. The 2019-21 Governor's Budget for Shared Services totals \$176.6 million, which represents a six percent increase from LAB.

State Assessments and Enterprise-wide Costs

State Assessments and Enterprise-wide Costs (SAEC) is the budget structure for payments to the Department of Administrative Services (DAS) and third parties for goods and services that serve the whole agency, such as rent, state data center charges, DAS risk assessment, state

government services charges, unemployment assessments, mass transit taxes, computer replacement, and debt service.

SAEC is funded based on cost allocation statistics to determine the distribution of expenditures to OHA and the revenue distribution by General Fund, Other Funds, and Federal Funds. The Governor's Budget for SAEC totals \$282.7 million, which represents an increase of four percent from the 2017-19 LAB. The General Fund budget is \$209.5 million, which represents an increase of nine percent from the 2017-19 LAB.

From: [ROMAN Linda * GOV](#)
To: [MACDONALD Thomas * DAS](#); [EDLUND Tina * GOV](#)
Subject: RE: Rough Draft of Part 1
Date: Saturday, November 17, 2018 10:29:45 AM
Attachments: [OHA 2019-21 Gov'sBudget v2 LR 111718.docx](#)

Hi Tom,

See my edits attached. I am also presenting this afternoon at a conference [REDACTED]
[REDACTED] I should be done by 5 pm. I will get back to this later

Will the explanation of the POPs not be but included in this outline? I think for sure we should include the behavioral and suicide POPs 403, 402, and CCO 2.0 416.

We also don't mention tribal improvement or investments at all and I think we should include language on tribal grants. We also don't talk about equity and improving outcomes in rural Oregon as much. Where we can pull this from is Modernization and CCO 2.0. I ran out of time this morning but I wanted to share these thoughts ahead of the next review.

Linda

Linda Roman, Deputy Healthcare Policy Advisor

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775 Court Street NE
Salem, OR 97301

Mailing address:
900 Court Street NE, 254
Salem, OR 97301

Phone: 503-428-3524

Executive Assistant Coline Benson
Coline.Benson@oregon.gov

From: MACDONALD Thomas * DAS
Sent: Friday, November 16, 2018 10:53 PM
To: EDLUND Tina * GOV <Tina.EDLUND@oregon.gov>; ROMAN Linda * GOV <Linda.ROMAN@oregon.gov>
Subject: RE: Rough Draft of Part 1

Thanks, Tina. I will let George & co. know. We may very well end up on parallel review tracks since I may have to turn this in by then (but I'll check). I know that once George and Kate review our write-ups, they're going to Nik for review, so it's not the end of it.

At the risk of version control issues, I've attached my latest working draft, which you can ignore if you've already made headway on the first version. Linda – I'll incorporate your input with however you provide it. Most of what I've updated in the latest version is in the budget structure summaries as part of the second

half, which has kind of a standard format and flow for all agencies.

In the top section, I've now included the OHSU language. For everything, there's still a lot of polishing I need to work on tomorrow.

Thanks for your help.

Tom

From: EDLUND Tina * GOV

Sent: Friday, November 16, 2018 8:35 PM

To: MACDONALD Thomas * DAS <Thomas.MACDONALD@oregon.gov>; ROMAN Linda * GOV <Linda.ROMAN@oregon.gov>

Subject: RE: Rough Draft of Part 1

Hi Tom,

I will be at the coast at a meeting with the Governor tomorrow—won't return until the late afternoon, so likely won't have a chance to set eyes on this until after 5. I will work from Linda's review/edits.

T

From: MACDONALD Thomas * DAS <Thomas.MACDONALD@oregon.gov>

Sent: Friday, November 16, 2018 7:46 PM

To: EDLUND Tina * GOV <Tina.EDLUND@oregon.gov>; ROMAN Linda * GOV <Linda.ROMAN@oregon.gov>

Subject: RE: Rough Draft of Part 1

I just realized that I forgot to include the OHSU verbiage in what I shared a little while ago. I'll include it now, but will hold off on sending you another copy until you have a chance to review the first iteration.

From: MACDONALD Thomas * DAS

Sent: Friday, November 16, 2018 5:44 PM

To: EDLUND Tina * GOV <Tina.EDLUND@oregon.gov>; ROMAN Linda * GOV <Linda.ROMAN@oregon.gov>

Subject: Rough Draft of Part 1

Attached is a rough draft of what I've written for the first half of what goes in the big budget book for OHA. You can stop reading once you reach the section entirely highlighted in yellow, which hasn't been worked on. I haven't proofed or word-smithed this yet, and I still need to put in some visuals, but I wanted to get it to you so that you can see how it's taking shape.

Feel free to provide your feedback any way you like—such as putting comments or edits directly in the document, providing bullet points on what you want to see more or less of, a simple thumbs up/down, or gasps of horror. If you do make changes, it would be helpful to do so with Track Changes turned on since I'm continuing to draft the other sections.

Thank you!

Tom MacDonald

*Policy and Budget Analyst
Chief Financial Office
Department of Administrative Services
503-586-6689*

Oregon Health Authority

General Fund			
Lottery Funds			
Other Funds			
Federal Funds			
Other Funds (Nonlimited)			
Federal Funds (Nonlimited)			
Total Funds			
Positions			
Full-time Equivalent			

OVERVIEW

The Governor's Budget for the Oregon Health Authority (OHA) reinforces the state's commitment to making the health of Oregonians a core foundation of the state while ensuring the health care delivery model remains sustainable during a time of increasing cost pressures and reduced federal funding. The budget helps achieve critical health care outcomes through strategic investments, revenue reforms, and cost savings measures – all while preserving health care benefits and eligibility and holding the state's health care programs to high standards.

OHA achieves its mission of helping people and communities reach optimal physical, behavioral, and social well-being through the following health care programs: Oregon Health Plan (OHP), Non-Medicaid behavioral health services, the Oregon State Hospital, Public Health, Health Policy and Analytics, the Public Employees' Benefit Board (PEBB), and the Oregon Educators Benefit Board (OEBB). The nine-member Oregon Health Policy Board also serves as the policy-making and oversight body for OHA and helps ensure access to quality, affordable health care for all Oregonians.

The OHA budget directly impacts a significant portion of Oregon's population:

- Nearly 1,300,000 individuals receive health care coverage through OHP, PEBB, and OEBB;
- Over 50,000 individuals receive behavioral health support and treatment services through local community mental health and substance use disorder programs;
- Approximately 600 individuals receive 24-hour psychiatric care through the Oregon State Hospital system; and
- Every Oregonian benefits from disease prevention and wellness services provided by the Public Health Division.

There are also more than 115,000 Oregonians who purchase federally-subsidized coverage through the state's Health Insurance Marketplace, which allows individuals to obtain affordable quality health insurance coverage. In 2017, Governor Brown expanded coverage even farther by signing "Cover All Kids" into law, which extended eligibility for medical assistance to all Oregon children residing in families with incomes up to 300 percent of the poverty level. All children in Oregon now have access to quality health care coverage.

Commented [MT*C1]: = 1M Medicaid, 137,937 PEBB, 133,375 OEBB

Commented [MT*C2]: Published caseload forecast for Non-Medicaid Behavioral Health

Commented [MT*C3]: Census as of 11/16/18

In less than a decade, Oregon's focus on health care has vastly increased the overall number of Oregonians who have comprehensive coverage—pushing the rate of coverage from 83 percent of all Oregonians in 2010 to 94 percent today. Yet coverage alone is not enough. Meaningful improvement in health requires having the same kind of access to oral health and behavioral health as we have for traditional physical health care services. The state must also continue to improve the affordability and sustainability of our health care system while ensuring Oregonians can be as healthy as possible.

Commented [MT*C4]: Looking for data point

Governor Brown's 2019-21 budget addresses these important issues by taking a multi-biennia approach to ensure our health care program remain sustainable and implements a robust health care agenda focused on addressing the underlying costs and raising the bar for health outcomes.

GOVERNOR'S BUDGET

The 2019-21 Governor's Budget for OHA totals \$22,048.2 million, which represents an increase of nine percent from the 2017-19 Legislatively Approved Budget (LAB). The General Fund budget totals \$2,441.5 million and represents a 12.8 percent increase compared to the 2017-19 LAB. The budget supports 4,297 positions (4,221.17 FTE).

The Governor's plan advances Oregon's success with health care transformation through the following interrelated strategic reforms and investments: helping children achieve their full potential; enhancing the behavioral health system; improving overall health outcomes; and sustaining Oregon's health care model.

Helping Children Achieve their Full Potential

Governor Brown convened her Children's Cabinet in 2017 to create pathways toward prosperity for children and their families. Through the Cabinet's recommendations and the strategies outlined in the Governor's Health Care and Addictions and Recovery Agendas, health care is at the intersection of children being able to grow up to be successful adults. Oregon effectively has health care coverage for 100 percent of children in the state, with children in low-income families covered by Medicaid and the Children's Health Insurance Program (CHIP). But more needs to be done given ~~increase the unique challenges children and families face, faced by families and the multi-generational issues holding many children back.~~

To address these challenges, the Governor's Budget makes key investments in evidence-based health care solutions ~~that improve the conditions of all Oregonians while that provide an important return on investment~~ creating pathways for resiliency and success. toward helping families achieve success.

- Multi-Generational Addictions Treatment - The indiscriminate chronic disease of substance use disorder (SUD) plagues Oregon families from all backgrounds. Parents and caregivers who suffer with SUD expose their children to adverse childhood experiences, thus increasing the probability that kids will suffer from the same chronic illness. To help break the cycle of addiction passed through generations, the Governor's Budget invests \$5 million to expand prenatal and postpartum treatment and support for mothers.
- Intensive In-Home Behavioral Health – Due to a lack of intensive community-based services, many Medicaid-eligible youth are referred to residential care instead of receiving treatment in their home community. The creation of new intensive care opportunities in communities will provide alternatives to residential services and help keep families together. The Governor's Budget includes \$19.6 million in state and federal matching

Commented [MT*C5]: Project Nurture

funds to enable coordinated care organizations and providers to deliver such services, which can include individual and family therapy, peer-delivered services, medication management, and 24-hour crisis response.

- Universal Home Visiting – Home visiting programs are a proven way of creating a safe and healthy environment for children [by supporting parents with information and care helping to](#) form the foundation for a lifetime of physical and mental well-being. The Governor's Budget recognizes this through an **\$8.7 million** investment for a Universal Home Visiting program to complement existing home visiting services by helping families enter into their community system of care. This investment will help bring together community partners to improve health outcomes, reduce adverse childhood experiences, decrease rates of maternal mortality, enhance positive parenting behaviors, and put in place a system of preventive care that avoids downstream costs.
- Regional Assessments – The Governor's Budget includes \$10.4 million to support integrated evaluations and care planning for children and their families. This reflects a new model, with a priority to assist the children who are inappropriately placed in a certain setting, such as temporary lodging or Emergency Department boarding, through evaluation, assessment, and stabilization. On an ongoing basis, these regional programs will be the go-to source when children are "stuck" in an inappropriate placement. Regional Assessment Programs may be co-located with short-term stabilization beds to support children when an appropriate placement is not immediately available.
- Reduce Risk Factors for Suicide – Investing in earlier intervention and access to behavioral health services for Oregon's elementary, middle school, and high school students will help them stay in school, improve learning outcomes, graduate, and prevent detrimental behavioral health issues. This is critical in order to stem the rising rate of suicide. To support this goal, the Governor's Budget provides a \$13.1 million investment to implement the priorities in the Youth Suicide Intervention and Prevention Plan, support mental health consultation and treatment in schools, help communities in crisis, and develop a comprehensive adult suicide prevention plan.
- Office of Child Health – OHA currently lacks a defined team able to provide the necessary focus on prenatal and child health initiatives. To remedy this, the Governor's Budget creates the Office of Child Health to improve OHA's ability to improve long-term health outcomes in Oregon, with a focus on the prenatal through age 5 population.

Commented [MT*C6]: State and Medicaid funding

Enhancing the Behavioral Health System

A key strategy to achieving lower costs, better outcomes and better health is to reduce the silos in health care. Physical health, mental health, substance use disorder treatment, and oral health services are too often delivered in separate, fragmented ways. By integrating these services and making targeted investments where needed, Oregon can expand access to appropriate treatment at the right time, maximize the opportunity to achieve better health outcomes, and help lower costs.

- Advancing Behavioral Health Integration – Improving the behavioral health system is one of the Governor's top priorities through CCO 2.0. To establish a more connected system, the Governor's Budget provides \$5.9 million to incentive providers to invest in foundational technical, especially behavioral health electronic health records, help adapt

the primary care home model to advance integration within behavioral health settings, and improve access to evidence based pharmaceutical treatments and practice guidelines.

- **Develop Alternatives to Opioids** – As part of the Governor’s strategy to address the opioid epidemic, her budget makes further investments to train providers in appropriate opioid prescription practices and alternative approaches to pain management.
- **Community Mental Health Investments** – One of the most critical relationships in Oregon’s behavioral health system is that of the Oregon State Hospital and community mental health treatment programs. Although a key goal of Oregon’s mental health system is to treat patients in communities as opposed to providing institutionalized care, some patients in the criminal justice system must receive treatment in the State Hospital under court orders as a result of their inability to “aid and assist” in their own defense. Due to a prolonged increase in the Aid and Assist population, the State Hospital is unable to accept new patients from the courts in a timely manner as required by statute. This capacity constraint also negatively impacts other types of patients who need hospital level of care and strains communities struggling to appropriately treat these patients.
- The Governor’s Budget addresses this situation through a multi-faceted strategy. First, the budget supports the opening of a new unit at the State Hospital for 12 months as a stop-gap solution to resolve the immediate capacity needs. Second, her budget invests \$7.6 million to increase long-term capacity for intermediate services at the community level. This investment is in addition to \$4.1 million invested in the community mental health system in 2015-17 to increase the number of patients treated in the community. The 2019-21 investments complement statutory reforms proposed by the Governor to ensure the State Hospital’s costly level of care aimed at the hardest to treat patients is not used for patients who commit low-level misdemeanors who would be more appropriately treated in community settings.

Commented [MT*C7]: This can be taken out. But it is a reminder that we’ve given money to counties in the past and have received no data back that it’s actually done anything.

Improving Health Outcomes

Improving the health status of every Oregonian requires pushing the coordinated care model beyond the success of the past six years by spurring sustainable community innovation, investing in social determinants of health and equity, and strengthening connections to public health, human services, and long-term support.

- **CCO 2.0** – OHA is currently undertaking the significant advancement of the coordinated care system in preparation for a new procurement of CCOs in 2020. The priorities outlined by the Governor for this endeavor focus on improving the behavioral health system, increasing value and pay for performance, maintaining sustainable cost growth, and addressing social determinants of health and equity. While essentially all of investments and reforms included in the Governor’s Budget for OHA support this initiative, the budget also provides the resources necessary for OHA to carry out the immense work and achieve the goals of CCO 2.0.
- **Public Health Modernization** – A healthy population requires a 21st century public health system with the capacity and resilience to provide foundational public health services across the state, such as communicable disease control, chronic disease prevention, and emergency preparedness. The Governor builds on the 2017-19 investment in Public Health Modernization with an additional \$13.6 million.

- **Housing Support** – Access to safe, quality, and affordable housing—including the support necessary to maintain that housing—represents one of the most critical social determinants of health. Under the Governor’s leadership, OHA and Oregon Housing and Community Services are collaborating to create at least 500 new units of permanent supportive housing across Oregon to help the chronically homeless get off the streets and have access to addiction and mental health treatment. The Governor’s Budget includes \$4.5 million for OHA to provide behavioral health and other critical support to these individuals as these housing units become available later in the 2019-21 biennium.
- **Tobacco Cessation** – Tobacco remains the number one cause of preventable death and disease in Oregon. About 31 percent of adults on OHP currently smoke. Most addiction to tobacco starts in adolescence; nine of 10 adults who smoke report that they started smoking before turning 18. Medical expenses and lost wages that result from tobacco-related disease and premature death cost Oregon \$2.5 billion each year, or \$1,600 for every Oregon household in our state. Increasing the price of tobacco products is one of the most effective policy tools to reducing tobacco use, yet Oregon’s cigarette prices remain lower than over 30 other states. The Governor’s Budget increases cigarette taxes to be aligned with the cigarette prices of neighboring California and Washington. The budget also increases the taxes of other tobacco products and extends the existing wholesale tax for other tobacco products to vaping products.
- **Ending Hepatitis C Infections** – Hepatitis C is one of the most common blood-borne diseases in the United States and also one of the driving causes of liver cancer and liver transplants. Fortunately, new treatment exists to cure infected patients. Although the cost for these treatments continue to decline, they still remain expensively prohibitive. An investment in the 2017-19 biennium enabled OHA to expand Hepatitis C treatment to Oregon Health Plan patients with later stages of the disease. The 2019-21 Governor’s Budget increases this investment with an additional \$107 million in state and federal resources to ensure treatment is available to Oregon Health Plan members with any stage of the disease and puts the state on track to ending the cascading effects of infections.

Commented [MT*C8]: <https://www.oregon.gov/oha/PH/PreventionWellness/TobaccoPrevention/Documents/TPEP%20Report%202015%20to%202017.pdf>

Commented [MT*C9]: Need to verify...think we're around 33 or 34.

Commented [RL*G10]: I think this section should be clearer to say that by raising the tobacco tax we are funding health care. which will in turn improve outcomes and continue coverage

Sustaining Oregon’s Health Care Model

One of the predominant challenges facing the Oregon Health Plan continues to be the growth in the level of state funds needed to sustain health care services absent any reforms to program revenue or significant reductions in health care. A significant portion of the program has been supported with revenue no longer available in 2019-21. This challenge is exacerbated by declining support in federal revenue due to decreasing federal matching rates.

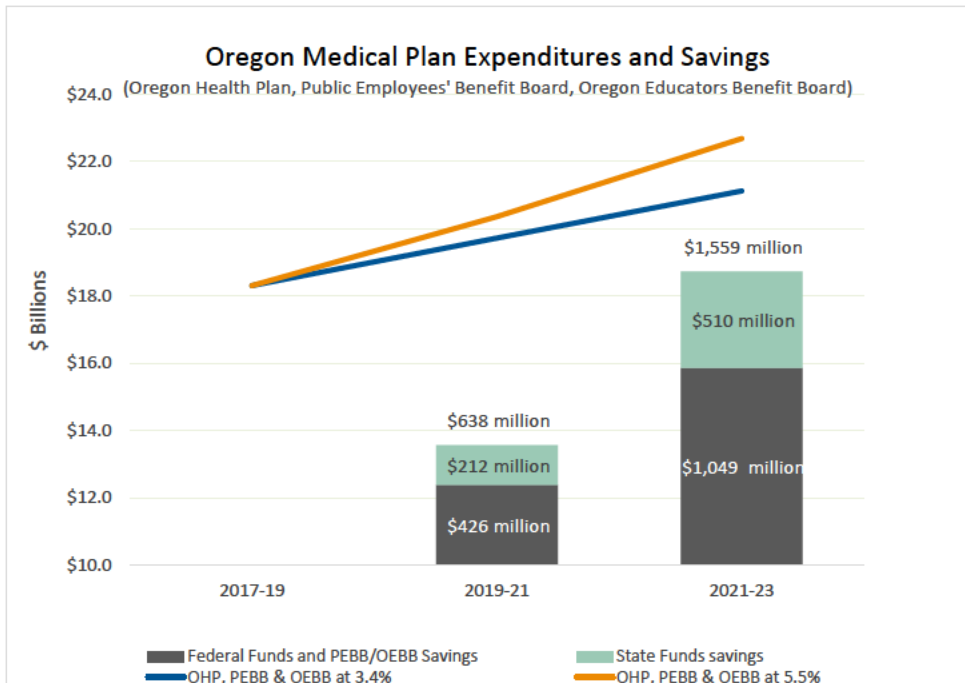
The Governor’s Budget addresses the challenge of appropriately, sustainably, and equitably funding our health care system by reforming the way in which hospitals, insurers, and CCOs contribute to the system through assessments on their revenue. These reforms reflect that the health system as a whole has fared well through the significant expansion of coverage since 2014, as indicated through increased revenue margins for both hospitals and CCOs.

To address the issue of OHP funding, the Governor convened a workgroup of health care partners to arrive at a consensus-driven plan to secure long-term, sustainable funding for the Oregon Health Plan. The recommended plan includes broad-based sustainable revenue over a six-year timeline. Revenue reforms are not the only critical piece to sustaining the Oregon Health Plan. Without strong cost controls, health care will continue to outstrip the growth of state revenue and personal income. Taken as a whole, the Governor’s Budget takes an

important step forward in ensuring the Oregon Health Plan is on a sustainable path without sacrificing coverage or the quality of care.

- **Hospital Assessment** – The budget revises the Hospital Assessment structure to maximize the fully reimbursable hospital assessment from 5.3 percent to 6 percent of net patient revenue for Diagnostic Related Group hospitals.
- **Health Insurance, Managed Care, and Stop-Loss Assessments** – The budget reinstates the current insurance and managed care tax that expires at the end of 2019 at 2 percent of premiums and broadens the base by including an assessment on stop-loss coverage. This plan not only funds the Oregon Health Plan, but also some of the revenue for the Oregon Reinsurance Program in the individual market, which lowers premiums on average by 6 percentage points for 220,000 Oregonians.
- **Subsidized Employer Assessment** – There are approximately 1 million workers in Oregon employed by firms with 50 or more employees and approximately 25 percent of them are either ineligible for, or not offered health care coverage through, their employers. Many of these employees must therefore obtain health care coverage through the Oregon Health Plan and other publically supported programs. Put differently, public programs that provide affordable health care coverage, such as the Oregon Health Plan, are subsidizing some employers who do not provide health care coverage to low-income workers, or whose workers cannot afford the coverage they are offered. A new Subsidized Employer Assessment will levy an assessment on employers who do not meet threshold health care contributions on behalf of their workers.
- **Tobacco Tax:** As discussed above, the Governor's budget increases cigarette taxes by \$2.00 pack, aligning the state with Washington and California cigarette taxes. The proposal also extends the existing wholesale tax on "other tobacco products" to e-cigarettes and vaping products. Net proceeds from the additional tobacco tax revenue will help support the Oregon Health Plan.
- **Bending the Cost Curve** – The Governor's Budget maintains Oregon's place as a leader in holding per capita cost growth well below national trends. Annual health care spending for the Oregon Health Plan, PEBB and OEBB remains capped at 3.4 percent per member. When CCOs stay within their budget target, meet their quality goals, and provide required services, they have the flexibility to implement innovative quality improvement programs and invest in health-related services that align with elements of their community plans, such as housing support, food security, and community activities that support a healthy population. With flexible spending investments in community-based social services and addressing social determinants of health, CCOs will have tools to have effectively ~~redefined "physical health" to~~ focus on a much broader definition of "community health." Overall, holding CCOs, PEBB, and OEBB to 3.4 percent per capita cost growth results in significant savings to both the state and federal governments. When comparing this rate to projected national annual health care cost increases of 5.5 percent, Oregon's approach is estimated to save a total of \$638 million in 2017-19 and \$1,559 million in 2019-21.

Commented [RL*G11]: And prevention and public health modernization



In addition to these revenue reforms and on-going containment efforts to bend the cost curve, the Oregon Health and Sciences University (OHSU) continues to be a strong partner in helping the state sustain Oregon's health care system through the intergovernmental transfer (IGT) program established in 2017-19. OHSU, as Oregon's only public academic health, is a critical part of the safety net for Oregon's most vulnerable providing health care services to a large number of Medicaid members, training Oregon's health care workforce across the state, and engaging in research to improve care and bring significant federal dollars to Oregon. By removing OHSU from the hospital tax in the 2017 legislative session, the state and OHSU have collaborated to increase the amount of funding available for the Medicaid program. This budget reflects an additional \$252 million in state funds, which raises the total state funds to 432 million from the OHSU IGT program for the Medicaid program. The Governor's Budget reflects providing critical funding for OHSU at 87 percent of cost for the Medicaid members OHSU serves and holds OHSU's unit cost growth to no more than 3.4 percent annually for the Medicaid program.

REVENUE SUMMARY

Approximately 54 percent of OHA's budget is supported with Federal Funds, of which a significant portion represents federal Medicaid dollars matched with state funds. Federal Medicaid reimbursement is based on the Federal Medical Assistance Percentage (FMAP) and there are three key rates determining how much state funding is required to support Medicaid caseload expenditures. Based on recent decreases in these rates, a significant amount of

additional state funding is required to support the Oregon Health Plan compared to prior years. Other important federal revenue sources include the Mental Health Services Block Grant, the Substance Abuse Prevention Treatment grant, and various federal grants supporting the Public Health Division and Health Policy and Analytics. General Fund represents over 10 percent of the budget, a significant portion of which is used to match federal Medicaid dollars. Other Funds used to support the Governor's Budget for OHA include funds from health care providers to support the Oregon Health Plan, tobacco taxes, and revenue from the national Tobacco Master Settlement Agreement.

AGENCY PROGRAMS

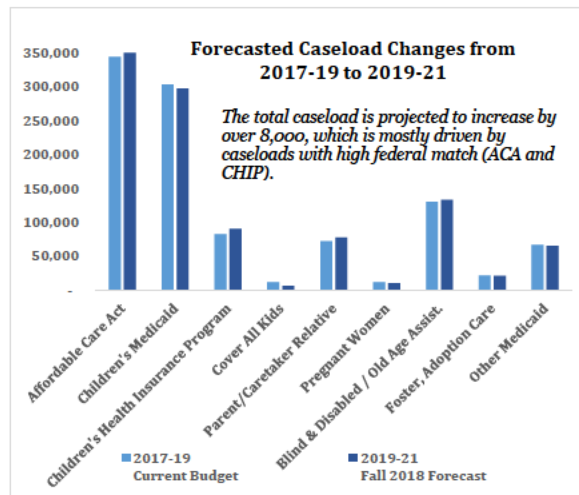
Health Systems Division

The Health Systems Division (HSD) ensures the systematic transformation of health care in Oregon by delivering integrated health care services, strengthening the coordinated care model, and improving health outcomes through administration of the state's Medicaid and non-Medicaid programs.

Medicaid: OHA is the state designated agency responsible for Medicaid, which is jointly funded by states and the federal government. Most of the state's Medicaid coverage is provided through OHP, which provides comprehensive physical, behavioral, and oral health care coverage to low-income adults and children. Currently, approximately one million individuals across several caseload categories receive Medicaid coverage in Oregon.

Oregon's health care system has experienced significant changes upon the creation of coordinated care organizations (CCOs) in 2012 to manage most OHP services. The coordinated care model emphasizes prevention and helping people manage chronic conditions which, in turn, helps reduce unnecessary and expensive medical services and supports healthy living. There are currently 15 CCOs operating in Oregon.

To guide the next five years of coordinated care, OHA is working with the Oregon Health Policy Board (OHPB), policymakers, stakeholders, and OHP members to bring forward new ideas to address the gaps and challenges persisting in Oregon's health care system. This next phase of health care transformation is referred to as "CCO 2.0." OHA's focus on this effort is guided by four priorities identified by the Governor: 1) improve the behavioral health system; 2) increase value and pay for performance; 3) focus on the social determinants of health and health equity; and 4) maintain sustainable cost growth. The Governor's Health Care Agenda and 2019-21 investment proposals are heavily centered on these four priorities.



Non-Medicaid Behavioral Health: The Non-Medicaid Behavioral Health budget supports critical elements in Oregon's community behavioral health system that serve as the safety net for all Oregonians regardless of health care coverage. A significant portion of Non-Medicaid services is provided through community mental health programs and alcohol, drug, and gambling addiction treatment providers. An important focus of the Non-Medicaid system is to respond to individual and community crises and meet the immediate behavioral health needs for a defined population and geographic region. Non-Medicaid funds also supports OHP members through the purchase of social support services not included in the Medicaid benefit package, such as early outreach and engagement, peer-based recovery, and housing services.

The services provided through the Non-Medicaid program must be in compliance with an agreement reached with the United States Department of Justice (USDOJ) in 2012. This agreement requires the state to take steps to better provide individuals with serious and persistent mental illness with the critical community services necessary to help them live in the most integrated setting appropriate to their needs and achieve positive outcomes. The budgetary and programmatic decisions for Non-Medicaid Behavioral Health continue to be made in accordance with the objectives of the USDOJ agreement.

The overall Health Systems Division budget, including Medicaid, Non-Medicaid Behavioral Health, and related administration, totals \$16,183.3 million, which represents a nine percent increase from the 2017-19 LAB. The recommended General Fund budget is \$1,568.5 million, which represents a 14 percent increase from the 2017-19 LAB. The majority of the health care investments and revenue reforms summarized above are funded through the Health Systems Division. Other key investments in this division includes \$6.7 million to replace OHA's outdated behavioral health data systems and \$9.1 million General Fund to backfill declining Other Funds revenue for Non-Medicaid Behavioral Health.

Health Policy and Analytics

Health Policy and Analytics (HPA) provides policy support, technical assistance, and access to health information statistics and tools to all organizations and providers participating in Oregon's health system transformation. The key functions of HPA are: Health Policy; Clinical Improvement Services; Health Analytics; Health Information Technology; Business Support; and PEBB and OEBC, which are operationally situated in HPA but have separate budget structures. In addition to these, the Governor's Budget establishes the Office of Child Health within HPA to improve OHA's ability to improve long-term health outcomes for the prenatal through age five population. [The Office of Child Health will improve OHA's ability to focus on social determinants of health and equity.](#)

HPA is largely supported by federal Medicaid dollars matched with General Fund. The program also receives Federal Funds from the Health Resources and Services Administration Primary Care grant, and Health Information Technology Electronic Health Record funds. HPA receives Other Funds revenue from various grants and fees.

The Governor's Budget totals \$195.3 million, which represents a seven percent increase from the 2017-19 LAB. The General Fund budget is \$51.3 million, which is an 18 percent increase from LAB. The change in General Fund is largely due to the Governor's investments in CCO 2.0, the creation of the Office of Child Health, and investment in Intensive In-Home Behavioral Health Services.

Public Employees' Benefit Board

The Public Employees' Benefits Board (PEBB) designs, contracts for, and administers health plans, group insurance policies, and flexible spending accounts for state and university employees and their dependents, representing nearly 140,000 Oregonians. In 2006, PEBB moved toward self-insurance, which gives the Board more flexibility in plan design to meet specific goals, which contributes to the Board's success in keeping premium increases low. PEBB supports OHA's goal to transform the health care system in Oregon and to fundamentally improve how care is paid for and delivered.

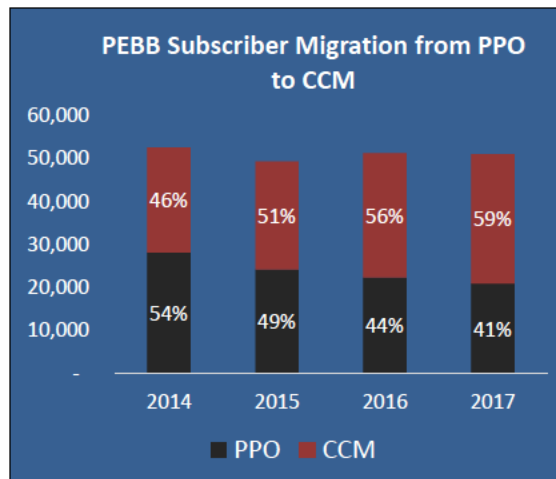
The PEBB budget is funded entirely with Other Funds revenue from premiums collected for all insured individuals, a significant portion of which comes from General Fund resources paid by other state agencies and organizations for their share of premium costs. Consistent with the state's strategy for transforming health care and bending the cost curve, PEBB holds annual growth in per member costs to 3.4 percent. In the 2017 Legislative Session, Senate Bill 1067 codified the parameters around the annual growth rate by requiring PEBB to use methodologies to limit annual self-insured and premium increases to no more than 3.4 percent per member per year starting in plan year 2019 (January 1, 2019). The bill also ties hospital rates paid by PEBB to no more than 200 percent of Medicare rates for in-network hospitals and no more than 185 percent of Medicare rates for out-of-network hospitals.

Similar to OHP, a key part of PEBB's ongoing strategy to improve health outcomes while bending the cost curve relates to promoting the coordinated care model (CCM) through the use of patient-centered primary care homes. This model focuses on primary care and prevention and has defined quality and access standards. CCM plans provide an opportunity for reducing utilization of unnecessary services, improving coordination of disease management among varying providers, and using innovative reimbursement models. The migration of PEBB members from more expensive Preferred Provider Organization plans to CCM plans have been important in maintaining annual cost growth to no more than 3.4 percent per member per year.

The 2019-21 Governor's Budget for PEBB is \$2,099.7 million, which represents a seven percent increase from the 2017-19 LAB. The budget invests funding for PEBB's share of a planning project to replace the legacy benefit management systems of both PEBB and OEBB with a modern solution.

Oregon Educators Benefit Board (OEBB)

OEBB administers medical, dental, vision, and other benefits for more than 130,000 employees, retirees, and their family members in Oregon's K-12 school districts, education service districts, and community colleges. Additionally, with the passage of House Bill 2279 (2013), cities, counties and special districts became eligible to join the OEBB benefits program effective January 2014. OEBB designs and maintains a full range of benefit plans for eligible and



participating entities to offer their employees and early retirees. OEGB's goal is to provide high-quality benefits for all eligible employees, early retirees, and their dependents at the lowest possible cost, and to work collaboratively with members, entities and insurance carriers to further advance the triple aim of health care. As with PEBB, Senate Bill 1067 (2017) requires OEGB to use methodologies to limit annual premium increases to no more than 3.4 percent per member per year. Likewise, the bill requires OEGB to tie rates paid to hospital to no more than 200 percent of Medicare rates for in-network hospitals and no more than 185 percent of Medicare rates for out-of-network hospitals.

OEGB has controlled costs by using alternative payment models, offering its members a wide-range of plans, and—much like PEBB—encouraging the migration from preferred provider organization plans to coordinated care model plans, which have lower premiums. Although OEGB's actuary often projects medical inflation for OEGB at between five and seven percent, OEGB continues taking action to beat the trend and hold annual per member increases to no more than 3.4 percent.

The OEGB budget is funded entirely by Other Funds revenue. The insurance plans purchased by OEGB are supported by the premium payments from members and the Board's operational expenses are funded through administrative assessment, which cannot exceed two percent of total monthly premiums. For plan year 2018-2019, the administrative assessment is 1.3 percent.

The 2019-21 Governor's Budget for OEGB is \$1,740.4 million, which represents a seven percent increase from the 2017-19 LAB. As with PEBB, the budget invests in OEGB's share of the planning project to replace the PEBB and OEGB benefit management systems.

Public Health Division

The Public Health Division promotes health and prevents the leading causes of death, disease and injury in Oregon. Public Health does this by administering a variety of programs addressing behavioral and social drivers of health [and chronic disease](#), and by working to ensure the physical and social environments promote health and make it easier for people to make healthy choices. Oregon's public health system includes [a collaboration between](#) federal, state, counties and local agencies, private organizations and other partners. Public Health operates some programs directly and funds and coordinates other programs through 33 local health departments across the state.

~~By focusing on prevention, Oregon's public health system lessens the effect of health threats on people's lives and lowers demand for expensive health care interventions. [The public health and health care approaches for addressing social factors that affect health are complementary.](#)~~

Oregon is poised to be a leader in leveraging sectors to address social conditions that affect health, such as housing. At the state level of the system, Public Health plays a leadership role with the implementation of the ACA and health care transformation.

Public Health Modernization remains a top priority for the 2019-21 biennium and the Governor builds on the existing \$5 million modernization budget with an additional \$13.6 million investment in 2019-21. In general, modernization of the public health system means every person in Oregon has access to the same basic public health protections and the system is held accountable for being efficient and driven toward health outcomes. A modern public health system ensures foundational public health protections are in place for every person in Oregon, that the public health system is prepared and has the right resources to address emerging health threats, and that the public health system is focused on building health equity and eliminating health disparities.

Public Health will also implement the Universal Home Visiting investment discussed above.

Commented [RL*G12]: Emergency Preparedness should be added here

Additionally, the Governor's Budget maintains support for county public health authorities by backfilling decreasing Other Funds revenue with \$5.5 million General Fund.

The 2019-21 Governor's Budget for Public Health totals \$725.4 million, which represents an 18.6 percent increase from the 2017-19 LAB. The General Fund budget is \$83.3 million and represents a 28.3 percent increase.

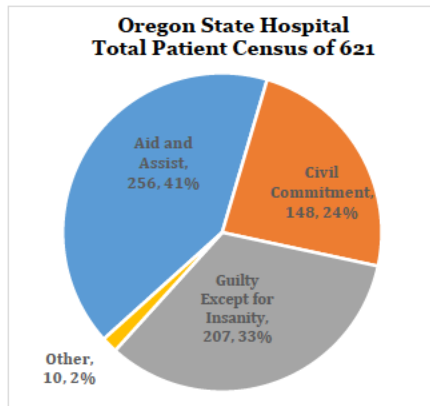
Oregon State Hospital

The Oregon State Hospital (OSH) is an integral part of the statewide behavioral health system by providing psychiatric care for adults from all 36 counties at OSH's Salem and Junction City campuses. The hospital's primary goal is to help people recover from their mental illness and return to life in their communities. The hospital has gone through significant programmatic changes in the past several years, underscored by the closure of the Blue Mountain Recovery Center in Pendleton and the Portland campus. The two remaining campuses have the maximum capacity to serve up to 766 individuals, with 592 beds in Salem and 174 beds in Junction City. Patients receiving treatment in OSH fall into one of the following three main commitment types:

- Civil Commitment - people who have been found by the court system to be an imminent danger to themselves or others, or who are unable to provide for their own basic health and safety needs due to their mental illness.
- Guilty Except for Insanity – people who committed a crime and are found by a court to be Guilty Except for Insanity. While these patients receive treatment at OSH, they are under the jurisdiction of the Psychiatric Security Review Board.
- Aid and Assist – people who have been arrested but have been found unable to participate in their legal proceedings due to a mental illness and are in need of mental health treatment to help them understand their criminal charges and “aid and assist” in their own defense (often referred to as “.370 patients” due to the corresponding state statutory provision).

OSH's role is to provide services and treatment to individuals in a way to prepare them to return to the community as soon as they are ready. Services include 24-hour on-site nursing, psychiatric and other credentialed professional staff, treatment planning, pharmacy, laboratory, food and nutritional services, and vocational and educational services. To ensure only people who need hospital-level care are admitted, a robust array of preventive, treatment, and crisis services must be available in local communities. In addition, to ensure people can be released from the hospital when they are ready, the community behavioral health system must have sufficient capacity to provide services in a variety of integrated and independent settings to meet each individuals' needs. Any restrictions within the community-hospital continuum can result in a backup of the behavioral health system which can reach as far as community hospital emergency departments.

As a result of a prolonged increase in the Aid and Assist population, the Governor's Budget supports the opening of a 25-bed unit at the State Hospital for 12 months as a stop-gap to meet statutory timeliness standards related to court-ordered admissions and ensure these patients receive care. As part of this strategy, the Governor's Budget invests \$7.6 million General Fund in the Health Systems Division budget to create additional capacity in local communities for intermediate treatment placements. This will enable the new unit to eventually draw down its population, consistent with the Governor's vision of ensuring patients, to the extent possible,



receive appropriate treatment in the community.

The 2019-21 Governor's Budget for OSH totals \$608.1 million, which is an increase of eight percent from the 2017-19 LAB. The General Fund budget is \$500.8 million and represents an increase of eight percent.

Central Services

OHA Central Services provides the leadership and business support to achieve the agency's mission. This budget structure includes the Office of the Director and Policy, Communications, Human Resources, and Budget, Planning and Analysis.

- The Director's Office is responsible for the overall leadership, policy development and administrative oversight for the agency. This includes coordination with the Governor's Office, legislature, other state and federal agencies, tribal governments, partners and stakeholders, local governments, advocacy and client groups, and the private sector.
- The External Relations Division is responsible for building strong relationships with the public, media, legislature, and other agencies at the state and federal levels. The division also helps create a broad understanding of the ways in which OHA contributes to the health of Oregonians.
- The Agency Operations Division provides operational support and human resources services to OHA. The division includes Central Operations and Human Resources
- The Fiscal Operations Division provides oversight of financing policies and coordinates budget development and execution for OHA. The division includes the functional areas of budget and health care finance.
- The Office of Equity and Inclusion works on behalf of OHA and the broader health system in the state to ensure the elimination of avoidable health care gaps and to promote optimal health in Oregon for everyone.

Central Services is funded based on a federally approved cost allocation plan where programs are charged for the services they use. The 2019-21 Governor's Budget totals \$36.9 million, which represents less than a one percent increase from the 2017-19 LAB. The General Fund budget is \$28.2 million and represents a 14.6 percent increase from the LAB.

Shared Services

The Shared Services program area supports certain business functions for both the Department of Human Services (DHS) and OHA under a joint governance agreement. Shared Services contains the Office of Information Services (OIS) and the Information Security and Privacy Office (ISPO). OIS provides information technology systems and services for nearly 16,000 staff at numerous locations across the state. ISPO provides information security services by using business risk-management practices to protect confidential information and educating staff and agency partners on how to protect this information and report incidents when they occur. The functional scope of this office continues to change as the implementation of Senate Bill 90 (2017), which centralized certain IT security functions within the Office of the State Chief Information Officer, takes shape.

Shared Services is funded entirely by Other Funds transferred from different OHA and DHS programs through a federally approved cost allocation plan. The 2019-21 Governor's Budget for Shared Services totals \$176.6 million, which represents a six percent increase from LAB.

State Assessments and Enterprise-wide Costs

State Assessments and Enterprise-wide Costs (SAEC) is the budget structure for payments to the Department of Administrative Services (DAS) and third parties for goods and services that

serve the whole agency, such as rent, state data center charges, DAS risk assessment, state government services charges, unemployment assessments, mass transit taxes, computer replacement, and debt service.

SAEC is funded based on cost allocation statistics to determine the distribution of expenditures to OHA and the revenue distribution by General Fund, Other Funds, and Federal Funds. The Governor's Budget for SAEC totals \$282.7 million, which represents an increase of four percent from the 2017-19 LAB. The General Fund budget is \$209.5 million, which represents an increase of nine percent from the 2017-19 LAB.

From: [MACDONALD Thomas * DAS](#)
To: [ROMAN Linda * GOV](#); [EDLUND Tina * GOV](#)
Subject: RE: Rough Draft of Part 1
Date: Saturday, November 17, 2018 1:23:28 PM
Attachments: [443_OHA_2019-21_Gov'sBudget_v3.docx](#)

Attached is another version. I've included new language on SDOH/E, tribal improvements, and rural communities. Most of this is in the CCO 2.0 section but also a little regarding rural communities is in the BH Integration section. I also beefed-up the tobacco tax section and made various other edits.

Thoughts?

From: ROMAN Linda * GOV
Sent: Saturday, November 17, 2018 10:30 AM
To: MACDONALD Thomas * DAS <Thomas.MACDONALD@oregon.gov>; EDLUND Tina * GOV <Tina.EDLUND@oregon.gov>
Subject: RE: Rough Draft of Part 1

Hi Tom,

See my edits attached. I am also presenting this afternoon at a conference [REDACTED]
[REDACTED] I should be done by 5 pm. I will get back to this later

Will the explanation of the POPs not be but included in this outline? I think for sure we should include the behavioral and suicide POPs 403, 402, and CCO 2.0 416.

We also don't mention tribal improvement or investments at all and I think we should include language on tribal grants. We also don't talk about equity and improving outcomes in rural Oregon as much. Where we can pull this from is Modernization and CCO 2.0. I ran out of time this morning but I wanted to share these thoughts ahead of the next review.

Linda

Linda Roman, Deputy Healthcare Policy Advisor

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Executive Assistant Coline Benson
Coline.Benson@oregon.gov

From: MACDONALD Thomas * DAS
Sent: Friday, November 16, 2018 10:53 PM
To: EDLUND Tina * GOV <Tina.EDLUND@oregon.gov>; ROMAN Linda * GOV <Linda.ROMAN@oregon.gov>
Subject: RE: Rough Draft of Part 1

Thanks, Tina. I will let George & co. know. We may very well end up on parallel review tracks since I may have to turn this in by then (but I'll check). I know that once George and Kate review our write-ups, they're going to Nik for review, so it's not the end of it.

At the risk of version control issues, I've attached my latest working draft, which you can ignore if you've already made headway on the first version. Linda – I'll incorporate your input with however you provide it. Most of what I've updated in the latest version is in the budget structure summaries as part of the second half, which has kind of a standard format and flow for all agencies.

In the top section, I've now included the OHSU language. For everything, there's still a lot of polishing I need to work on tomorrow.

Thanks for your help.

Tom

From: EDLUND Tina * GOV
Sent: Friday, November 16, 2018 8:35 PM
To: MACDONALD Thomas * DAS <Thomas.MACDONALD@oregon.gov>; ROMAN Linda * GOV <Linda.ROMAN@oregon.gov>
Subject: RE: Rough Draft of Part 1

Hi Tom,

I will be at the coast at a meeting with the Governor tomorrow—won't return until the late afternoon, so likely won't have a chance to set eyes on this until after 5. I will work from Linda's review/edits.

T

From: MACDONALD Thomas * DAS <Thomas.MACDONALD@oregon.gov>
Sent: Friday, November 16, 2018 7:46 PM
To: EDLUND Tina * GOV <Tina.EDLUND@oregon.gov>; ROMAN Linda * GOV <Linda.ROMAN@oregon.gov>
Subject: RE: Rough Draft of Part 1

I just realized that I forgot to include the OHSU verbiage in what I shared a little while ago. I'll include it now, but will hold off on sending you another copy until you have a chance to review the first iteration.

From: MACDONALD Thomas * DAS
Sent: Friday, November 16, 2018 5:44 PM
To: EDLUND Tina * GOV <Tina.EDLUND@oregon.gov>; ROMAN Linda * GOV <Linda.ROMAN@oregon.gov>
Subject: Rough Draft of Part 1

Attached is a rough draft of what I've written for the first half of what goes in the big budget book for OHA. You can stop reading once you reach the section entirely highlighted in yellow, which hasn't been worked on. I haven't proofed or word-smithed this yet, and I still need to put in some visuals, but I wanted to get it to you so that you can see how it's taking shape.

Feel free to provide your feedback any way you like—such as putting comments or edits directly in the document, providing bullet points on what you want to see more or less of, a simple thumbs up/down, or gasps of horror. If you do make changes, it would be helpful to do so with Track Changes turned on since I'm continuing to draft the other sections.

Thank you!

Tom MacDonald

Policy and Budget Analyst

Chief Financial Office

Department of Administrative Services

503-586-6689

Oregon Health Authority

General Fund			
Lottery Funds			
Other Funds			
Federal Funds			
Other Funds (Nonlimited)			
Federal Funds (Nonlimited)			
Total Funds			
Positions			
Full-time Equivalent			

OVERVIEW

The Governor’s Budget for the Oregon Health Authority (OHA) reinforces the state’s commitment to making the health of Oregonians a core foundation of the state while ensuring the health care delivery model remains sustainable during a time of increasing cost pressures and reduced federal funding. The budget helps achieve critical health care outcomes through strategic investments, revenue reforms, and cost savings measures – all while preserving health care benefits and holding the state’s health care programs to high standards.

OHA achieves its mission of helping people and communities reach optimal physical, behavioral, and social well-being through the following health care programs: Oregon Health Plan (OHP), Non-Medicaid Behavioral Health, the Oregon State Hospital, Public Health, Health Policy and Analytics, the Public Employees’ Benefit Board (PEBB), and the Oregon Educators Benefit Board (OEBB). The nine-member Oregon Health Policy Board also serves as the policy-making and oversight body for OHA and helps ensure access to quality, affordable health care for all Oregonians.

The OHA budget directly impacts a significant portion of Oregon’s population:

- Nearly 1,300,000 individuals receive health care coverage through OHP, PEBB, and OEBB;
- Over 50,000 individuals receive behavioral health support and treatment services through local community mental health and substance use disorder programs;
- Approximately 600 individuals receive 24-hour psychiatric care through the Oregon State Hospital system; and
- Every Oregonian benefits from disease prevention and wellness services provided by the Public Health Division.

There are also more than 115,000 Oregonians who purchase federally-subsidized health care coverage through the state’s Health Insurance Marketplace. In 2017, Governor Brown expanded coverage even further by signing Cover All Kids into law, which extended eligibility for medical assistance to all Oregon children residing in families with incomes up to 300 percent of the poverty level. All children in Oregon now have access to quality health care coverage.

In less than a decade, Oregon's focus on health care has vastly increased the overall number of Oregonians who have comprehensive coverage—pushing the rate of coverage from 85 percent of all Oregonians in 2011 to 94 percent today. Yet coverage alone is not enough. Meaningful improvement in health requires having the same kind of access to oral health and behavioral health as we have for traditional physical health care services. The state must also continue to improve the affordability and sustainability of our health care system while ensuring Oregonians can be as healthy as possible.

Governor Brown's 2019-21 budget addresses these important issues by taking a multi-biennia approach to ensure our health care programs remain sustainable and implements a robust health care agenda focused on addressing underlying costs and raising the bar for health outcomes.

GOVERNOR'S BUDGET

The 2019-21 Governor's Budget for OHA totals \$22,048.2 million, which represents a 9.0 percent increase from the 2017-19 Legislatively Approved Budget. The General Fund budget is \$2,441.5 million and represents a 12.8 percent from 2017-19. The budget supports 4,297 positions (4,221.17 FTE).

The Governor's plan advances Oregon's success with health care transformation through the following interrelated strategic reforms and investments: helping children achieve their full potential; enhancing the behavioral health system; improving overall health outcomes; and sustaining Oregon's health care model.

Helping Children Achieve their Full Potential

Governor Brown convened her Children's Cabinet in 2017 to create pathways toward prosperity for children and their families. Through the Cabinet's recommendations and the strategies outlined in the Governor's Health Care and Addictions and Recovery Agendas, health care is at the intersection of children being able to grow up to be successful adults. All children in Oregon currently have access to health care coverage, with children in low-income families covered by Medicaid and the Children's Health Insurance Program (CHIP). But more needs to be done given increasing challenges children and families face.

To address these challenges, the Governor's Budget makes key investments in evidence-based health care solutions that improve the conditions of all Oregonians while creating pathways for resiliency and success.

- **Multi-Generational Addictions Treatment** - The indiscriminate chronic disease of substance use disorder (SUD) plagues Oregon families from all backgrounds. Parents and caregivers who suffer with SUD expose their children to adverse childhood experiences, thus increasing the probability that kids will suffer from the same chronic illness. To help break the cycle of addiction passed through generations, the Governor's Budget invests \$5 million to expand prenatal and postpartum treatment and support for mothers.
- **Intensive In-Home Behavioral Health Services** – Due to a lack of intensive community-based services, many Medicaid-eligible youth are referred to residential care instead of receiving treatment in their home community. The creation of new intensive care opportunities in communities will provide alternatives to residential services and help keep families together. The Governor's Budget includes \$19.6 million in state and federal matching funds to enable coordinated care organizations and providers to deliver such

services, which can include individual and family therapy, peer-delivered services, medication management, and 24-hour crisis response.

- Universal Home Visiting – Home visiting programs are a proven way of creating a safe and healthy environment for children by supporting parents with information and care to form the foundation for a lifetime of physical and mental well-being. The Governor's Budget recognizes this through an \$8.7 million investment of state and federal funds for a Universal Home Visiting program to complement existing home visiting services by helping families enter into their community system of care. This investment will bring together community partners to improve health outcomes, reduce adverse childhood experiences, decrease rates of maternal mortality, enhance positive parenting behaviors, and put in place a system of preventive care that avoids downstream costs.
- Regional Assessments – The Governor's Budget includes \$10.4 million to support integrated evaluations and care planning for children and their families. This reflects a new model, with a priority to assist the children who are inappropriately placed in a certain settings, such as temporary lodging or Emergency Department boarding, through evaluation, assessment, and stabilization. On an ongoing basis, these regional programs will be the go-to source when children are "stuck" in an inappropriate placement. Regional Assessment programs may be co-located with short-term stabilization beds to support children when an appropriate placement is not immediately available.
- Reduce Risk Factors for Suicide – Investing in earlier intervention and access to behavioral health services for Oregon's elementary, middle school, and high school students will help them stay in school, improve learning outcomes, graduate, and prevent detrimental behavioral health issues. This is critical in order to stem the rising rate of suicide. To support this goal, the Governor's Budget provides \$13.1 million to implement the priorities in the Youth Suicide Intervention and Prevention Plan, support mental health consultation and treatment in schools, help communities in crisis, and develop a comprehensive adult suicide prevention plan.
- Office of Child Health – OHA currently lacks a defined team able to provide the necessary focus on prenatal and child health initiatives. To remedy this, the Governor's Budget creates the Office of Child Health to enhance OHA's ability to improve long-term health outcomes in Oregon, with a focus on the prenatal through age 5 population.

Improving Health Outcomes

Improving the health status of every Oregonian requires pushing the coordinated care model beyond the success of the past six years by spurring sustainable community innovation, investing in social determinants of health and equity, and strengthening connections to public health, human services, and long-term support.

- CCO 2.0 – OHA is currently undertaking the significant advancement of the coordinated care system in preparation for a new procurement of coordinated care organizations (CCOs) in 2020. The priorities outlined by the Governor for this endeavor focus on improving the behavioral health system, increasing value and pay for performance, maintaining sustainable cost growth, and addressing social determinants of health and equity. Increasing strategic spending on social determinants of health and equity is critical for reducing disparities faced in Oregon's rural communities, particularly in terms of the

level of poverty, lack of housing and transportation, and challenges to accessing care in those communities. Meeting the health care needs of Oregon's tribal members is also imperative to ensure community health priorities and investments are appropriately aligned. Overall, Oregon must improve access to health care that is culturally responsive and enhances the social, physical, behavioral and oral health. While many of the investments and reforms included in the Governor's Budget for OHA support this initiative, the budget also includes a \$1.9 million investment necessary for OHA to carry out the immense work and achieve the goals of CCO 2.0.

- **Public Health Modernization** – A healthy population requires a 21st century public health system with the capacity and resilience to provide foundational public health services across the state, such as communicable disease control, chronic disease prevention, and emergency preparedness. Public Health Modernization remains a top priority for the 2019-21 biennium and the Governor builds on the existing \$5 million modernization budget with an additional \$13.6 million investment in 2019-21. A modern public health system ensures foundational public health protections are in place for every person in Oregon, the public health system is prepared and has the right resources to address emerging health threats, and the system is focused on building health equity and eliminating health disparities
- **Housing Support** – Access to safe, quality, and affordable housing—including the support necessary to maintain that housing—represents one of the most critical social determinants of health. Under the Governor's leadership, OHA and Oregon Housing and Community Services are collaborating to create at least 500 new units of permanent supportive housing across Oregon to help the chronically homeless get off the streets and have access to addiction and mental health treatment. The Governor's Budget includes \$4.5 million for OHA to provide behavioral health and other critical support to these individuals as these housing units become available later in the 2019-21 biennium.
- **Tobacco Cessation** – Tobacco remains the number one cause of preventable death and disease in Oregon. About 31 percent of adults on the Oregon Health Plan currently smoke. Most addiction to tobacco starts in adolescence; nine of 10 adults who smoke report that they started smoking before turning 18. **Medical expenses and lost wages resulting from tobacco-related disease and premature death cost Oregon \$2.5 billion each year, or \$1,600 for every Oregon household in our state.** Increasing the price of tobacco products is one of the most effective policy tools to reducing tobacco use, yet Oregon's cigarette tax remains lower than most other states, currently ranking **32nd in the nation**, and is far behind neighboring California and Washington. To reduce the use of tobacco and its outsized consequences on the health of Oregonians, the Governor proposes a \$2.00 per pack increase on the state's existing cigarette tax, extends the existing wholesale tax on other tobacco products to vaping products, and increases other non-cigarette tobacco taxes. Not only will the increased cost of these products reduce tobacco use and increase the health of Oregonians, the additional revenue through this proposal will support the Oregon Health Plan. In turn, this investment will help further advance tobacco cessation and improved health outcomes by sustaining health care coverage and the corresponding health services provided.
- **Ending Hepatitis C Infections** – Hepatitis C is one of the most common blood-borne diseases in the United States and also one of the driving causes of liver cancer and liver

Commented [MT*C1]: <https://www.oregon.gov/oha/PH/PreventionWellness/TobaccoPrevention/Documents/TPEP%20Report%202015%20to%202017.pdf>

Commented [MT*C2]: Tax Policy Center, Urban Institute and Brookings Institute; August 2018

transplants. Fortunately, new treatments exist to cure infected patients. Although the cost for these treatments continue to decline, they still remain expensively prohibitive. An investment in the 2017-19 biennium enabled OHA to expand Hepatitis C treatment to Oregon Health Plan patients with later stages of the disease. The 2019-21 Governor's Budget increases this investment with an additional \$107 million in state and federal resources to ensure treatment is available to Oregon Health Plan members with any stage of the disease and puts the state on track to ending the cascading effects of Hepatitis C infections.

Enhancing the Behavioral Health System

A key strategy to achieving lower costs, better outcomes, and better health is to reduce health care silos. Physical health, mental health, substance use disorder treatment, and oral health services are too often delivered in separate, fragmented ways. By integrating these services and making targeted investments, Oregon can expand access to appropriate treatment at the right time, maximize the opportunity to achieve better health outcomes, and lower costs.

- **Advancing Behavioral Health Integration** – Improving the behavioral health system is one of the Governor's top priorities through CCO 2.0. To establish a more connected system, the Governor's Budget provides \$5.9 million to incentivize providers to invest in foundational technology, especially behavioral health electronic health records, help adapt the primary care home model to advance integration within behavioral health settings, and improve access to evidence based pharmaceutical treatments and practice guidelines.
- **Develop Alternatives to Opioids** – As part of the Governor's strategy to address the opioid epidemic, the budget makes further investments to train providers in appropriate opioid prescription practices and alternative approaches to pain management.
- **Community Mental Health Investments** – One of the most critical relationships in Oregon's behavioral health system involves the Oregon State Hospital and community mental health treatment programs. Although a key goal of Oregon's mental health system is to treat patients in communities as opposed to providing institutionalized care, some patients in the criminal justice system must receive treatment in the State Hospital under court orders as a result of their inability to "aid and assist" in their own defense. Due to a prolonged increase in the Aid and Assist population, the State Hospital struggles to accept new patients from the courts in a timely manner as required by statute. This capacity constraint also negatively impacts other types of patients who need hospital level of care and strains communities struggling to appropriately treat these patients.

The Governor's Budget addresses this situation through a multi-faceted strategy. First, the budget supports the opening of a new unit at the State Hospital for 12 months as a stop-gap solution to resolve the immediate capacity needs. Second, her budget invests \$7.6 million to increase long-term capacity for intermediate services at the community level. This investment is in addition to \$4.1 million invested in the community mental health system in 2015-17 to increase treatment capacity. The temporary opening of the new unit at the State Hospital and the additional investment in local community treatment capacity complement statutory reforms proposed by the Governor to ensure the State Hospital's costly level of care intended for the hardest to treat patients is not used for patients who commit misdemeanors and would be more appropriately treated in community settings unless evaluated and determined otherwise.

Sustaining Oregon's Health Care Model

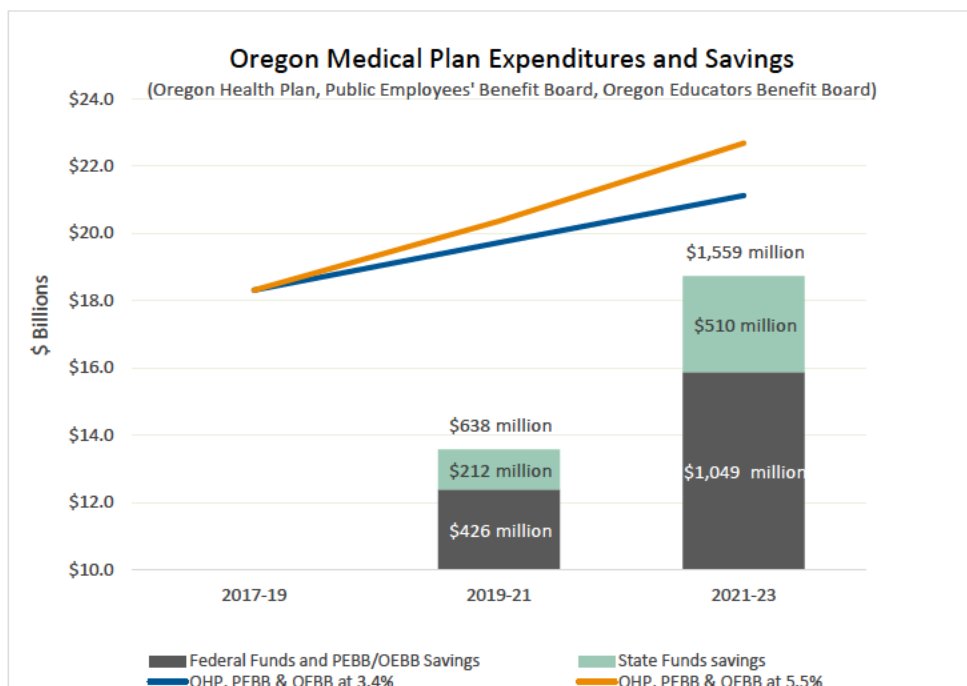
One of the predominant challenges facing the Oregon Health Plan continues to be the growth in the level of state funds needed to sustain health care services absent any reforms to program revenue or significant reductions in health care. A significant portion of the program has been supported with revenue no longer available in 2019-21. This challenge is exacerbated by declining support in federal revenue due to decreasing federal matching rates.

The Governor's Budget addresses the challenge of appropriately, sustainably, and equitably funding our health care system by reforming the way in which hospitals, insurers, CCOs, and employers contribute to the system through assessments on their revenue. These reforms reflect that the health system as a whole has fared well through the significant expansion of coverage since 2014, as indicated through increased revenue margins for both hospitals and CCOs.

To address the issue of OHP funding, the Governor convened a workgroup of health care partners to arrive at a consensus-driven plan to secure long-term, sustainable funding for the Oregon Health Plan. The recommended plan includes broad-based sustainable revenue over a six-year timeline. Revenue reforms are not the only critical piece to sustaining the Oregon Health Plan. Without strong cost controls, health care will continue to outstrip the growth of state revenue and personal income. Taken as a whole, the Governor's Budget takes an important step forward in ensuring the Oregon Health Plan is on a sustainable path without sacrificing coverage or the quality of care.

- Hospital Assessment – The budget revises the Hospital Assessment structure to maximize the fully reimbursable hospital assessment from 5.3 percent to 6 percent of net patient revenue for Diagnostic Related Group hospitals.
- Health Insurance, Managed Care, and Stop-Loss Assessments – The budget reinstates the current insurance and managed care tax that expires at the end of 2019 at 2 percent of premiums and broadens the base by including an assessment on stop-loss coverage. This plan not only funds the Oregon Health Plan, but also some of the revenue for the Oregon Reinsurance Program administered by the Department of Consumer and Business Services for the individual market.
- Subsidized Employer Assessment – There are approximately 1 million workers in Oregon employed by firms with 50 or more employees and approximately 25 percent of them are either ineligible for, or not offered health care coverage through, their employers. Many of these employees must therefore obtain health care coverage through the Oregon Health Plan and other publically supported programs. Put differently, public programs that provide affordable health care coverage, such as the Oregon Health Plan, are subsidizing some employers who do not provide health care coverage to low-income workers, or whose workers cannot afford the coverage they are offered. A new Subsidized Employer Assessment will levy an assessment on employers who do not meet threshold health care contributions on behalf of their workers.
- Tobacco Taxes – As discussed above, the Governor's Budget increases cigarette taxes by \$2.00 per pack and also extends the existing wholesale tax on "other tobacco products" to e-cigarettes and vaping products. Most of the net proceeds from the additional tobacco tax revenue will help support the Oregon Health Plan and Public Health Modernization.

- **Bending the Cost Curve** – The Governor’s Budget maintains Oregon’s place as a leader in holding per capita cost growth below national trends. Annual health care spending for the Oregon Health Plan, PEBB and OEBC remains capped at 3.4 percent per member. When CCOs stay within their budget target, meet their quality goals, and provide required services, they have the flexibility to implement innovative quality improvement programs and invest in health-related services that align with elements of their community plans, such as housing support, food security, and community activities that support a healthy



population. With flexible spending investments in community-based social services, and by addressing social determinants of health, CCOs will have tools to focus on a much broader definition of “community health.” Overall, holding CCOs, PEBB, and OEBC to 3.4 percent per capita cost growth results in significant savings to both the state and federal governments. When comparing this rate to projected national annual health care cost increases of 5.5 percent, Oregon’s approach is estimated to save a total of \$638 million in 2017-19 and \$1,559 million in 2019-21.

In addition to these revenue reforms and on-going efforts to bend the cost curve, the Oregon Health and Sciences University (OHSU) continues to be a strong partner in helping to sustain Oregon’s health care system through the intergovernmental transfer (IGT) program established in 2017-19. OHSU, as Oregon’s only public academic health center, is a critical part of the safety net for Oregon’s most vulnerable population, providing health care services to a large number of Medicaid members, training Oregon’s health care workforce across the

state, and engaging in research to improve care and bring significant federal dollars to Oregon. By removing OHSU from the hospital tax in the 2017 legislative session, the state and OHSU have collaborated to increase the amount of funding available for the Medicaid program. This budget reflects an additional \$252 million in state funds, which raises the total state funds to 432 million from the OHSU IGT program for the Medicaid program. The budget reflects providing critical funding for OHSU at 87 percent of cost for the Medicaid members OHSU serves and holds OHSU's unit cost growth to no more than 3.4 percent annually for the Medicaid program.

REVENUE SUMMARY

Approximately 54 percent of OHA's budget is supported with Federal Funds, of which a significant portion represents federal Medicaid dollars matched with state funds. Federal Medicaid reimbursement is based on the Federal Medical Assistance Percentage and there are three key rates determining how much state funding is required to support Medicaid caseload expenditures. Based on recent decreases in these rates, a significant amount of additional state funding is required to support the Oregon Health Plan compared to prior years. Other important federal revenue sources include the Mental Health Services Block Grant, the Substance Abuse Prevention Treatment grant, and various federal grants supporting the Public Health Division and Health Policy and Analytics. General Fund represents 11 percent of the budget, a significant portion of which is used to match federal Medicaid dollars. Important sources of Other Funds used to support the Governor's Budget include revenue from health care providers to support the Oregon Health Plan, tobacco taxes, revenue from the national Tobacco Master Settlement Agreement, and fees related to health care regulatory functions.

AGENCY PROGRAMS

Health Systems Division

The Health Systems Division (HSD) ensures the systematic transformation of health care in Oregon by delivering integrated health care services, strengthening the coordinated care model, and improving health outcomes through administration of the state's Medicaid and non-Medicaid programs.

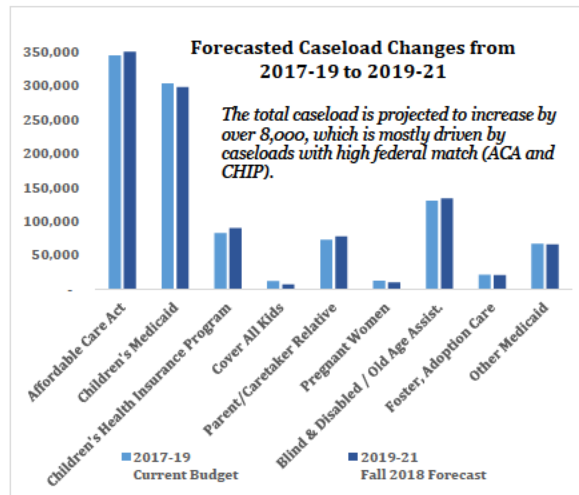
Medicaid: OHA is the state designated agency responsible for Medicaid, which is jointly funded by states and the federal government. Most of the state's Medicaid coverage is provided through the Oregon Health Plan, which provides comprehensive physical, behavioral, and oral health care coverage to low-income adults and children. Currently, approximately one million individuals across several caseload categories receive Medicaid coverage in Oregon.

Oregon's health care system has experienced significant changes upon the creation of CCOs in 2012 to manage most Oregon Health Plan services. The coordinated care model emphasizes prevention and helping people manage chronic conditions which, in turn, helps reduce unnecessary and expensive medical services and supports healthy living. There are currently 15 CCOs operating in Oregon.

To guide the next five years of coordinated care, OHA is working with the Oregon Health Policy Board (OHPB), policymakers, stakeholders, and Oregon Health Plan members to bring forward new ideas to address the gaps and challenges persisting in Oregon's health care system. This next phase of health care transformation is referred to as "CCO 2.0." OHA's focus on this effort is guided by four priorities identified by the Governor: 1) improve the behavioral health system; 2) increase value and pay for performance; 3) focus on the social determinants of health and health equity; and 4) maintain sustainable cost growth. The Governor's Health Care Agenda and 2019-21 investment proposals are heavily centered on these priorities.

Non-Medicaid Behavioral Health: The Non-Medicaid Behavioral Health budget supports critical elements in Oregon's community behavioral health system, which serves as a safety net for all Oregonians regardless of health care coverage. A significant portion of non-Medicaid services is provided through community mental health programs and alcohol, drug, and gambling addiction treatment providers. An important focus of the non-Medicaid system is to respond to individual and community crises and meet immediate behavioral health needs. Non-Medicaid funds also support OHP members through the purchase of social support services not included in the Medicaid benefit package, such as early outreach and engagement, peer-based recovery, and housing services.

The services provided through Non-Medicaid Behavioral Health must be in compliance with an agreement reached with the United States Department of Justice (USDOJ) in 2012. This agreement requires the state to take steps to better provide individuals with serious and persistent mental illness with the critical community services necessary to help them live in the most integrated setting appropriate to their needs and achieve positive outcomes. The budgetary and programmatic decisions for Non-Medicaid Behavioral Health continue to be made in accordance with the objectives of the USDOJ agreement.



The overall Health Systems Division budget, including Medicaid, Non-Medicaid Behavioral Health, and related administration, totals \$16,183.3 million, which represents a 9.3 percent increase from the 2017-19 Legislatively Approved Budget. The recommended General Fund budget is \$1,568.5 million, which represents a 14.1 percent increase from 2017-19. The increased level of funding is primarily a result of many of the Governor's Health Care Agenda investments discussed above. These include the investments for Regional Assessments, Rental Assistance, School-Based Mental Health and Suicide Prevention, Community Mental Health Services, and expanding Hepatitis C treatment. Other key investments in this division include \$6.7 million General Fund to replace OHA's outdated behavioral health data systems and \$9.1 million General Fund to backfill declining Other Funds revenue for Non-Medicaid Behavioral Health.

Health Policy and Analytics

Health Policy and Analytics (HPA) provides policy support, technical assistance, and access to health information statistics and tools to all organizations and providers participating in Oregon's health system transformation. The key functions of HPA are: Health Policy; Clinical Improvement Services; Health Analytics; Health Information Technology; Business Support; and PEBB and OEBS, which are operationally situated in HPA but have separate budget structures. In addition to these functions, the Governor's Budget establishes the Office of Child Health within HPA to enhance OHA's ability to improve long-term health outcomes for the prenatal through age five population. The Office of Child Health will be particularly instrumental in improving OHA's ability to focus on social determinants of health and equity.

HPA is largely supported by federal Medicaid dollars matched with General Fund. The program also receives Federal Funds from the Health Resources and Services Administration Primary Care grant, and Health Information Technology Electronic Health Record funds. HPA receives Other Funds revenue from various grants and fees.

The Governor's Budget for HPA totals \$195.3 million, which represents a 6.7 percent increase from the 2017-19 Legislatively Approved Budget. The General Fund budget is \$51.3 million, which represents an 18.2 percent increase from 2017-19. The change in General Fund is largely due to the Governor's investments in CCO 2.0, the creation of the Office of Child Health, and investment in Intensive In-Home Behavioral Health Services.

Public Employees' Benefit Board (PEBB)

PEBB designs, contracts for, and administers health plans, group insurance policies, and flexible spending accounts for state and university employees and their dependents, representing nearly 140,000 Oregonians. In 2006, PEBB moved toward self-insurance, which gives the Board more flexibility in plan design to meet specific goals, which contributes to the Board's success in keeping premium increases low. PEBB supports OHA's goal to transform the health care system in Oregon and to fundamentally improve how care is paid for and delivered.

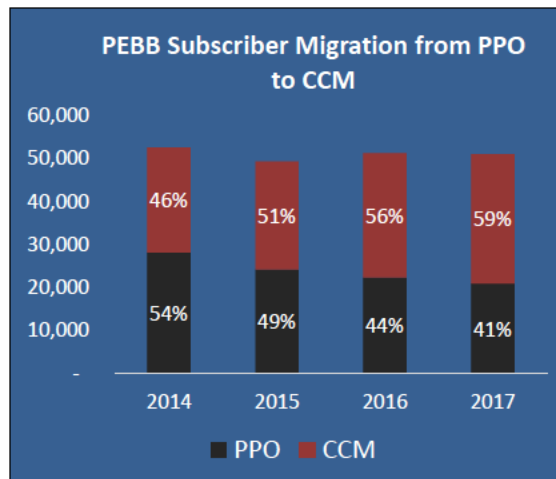
The PEBB budget is funded entirely with Other Funds revenue from premiums collected for all insured individuals, a significant portion of which comes from General Fund resources paid by other state agencies and organizations for their share of premium costs. Consistent with the state's strategy for transforming health care and bending the cost curve, PEBB holds annual growth in per member costs to 3.4 percent. In the 2017 Legislative Session, Senate Bill 1067 codified the parameters around the annual growth rate by requiring PEBB to use methodologies to limit annual self-insured and premium increases to no more than 3.4 percent per member per year starting in plan year 2019 (January 1, 2019). The bill also ties hospital rates paid by PEBB to no more than 200 percent of Medicare rates for in-network hospitals and no more than 185 percent of Medicare rates for out-of-network hospitals.

Similar to the Oregon Health Plan, a key part of PEBB's ongoing strategy to improve health outcomes while bending the cost curve relates to promoting the coordinated care model (CCM) through the use of patient-centered primary care homes. This model focuses on primary care and prevention and has defined quality and access standards. CCM plans provide an opportunity for reducing utilization of unnecessary services, improving coordination of disease management among varying providers, and using innovative reimbursement models. The migration of PEBB members from more expensive Preferred Provider Organization plans to CCM plans has been important in maintaining annual cost growth to no more than 3.4 percent per member per year.

The Governor's Budget for PEBB is \$2,099.7 million, which represents a 6.8 percent increase from the 2017-19 Legislatively Approved Budget. The budget invests funding for PEBB's share of a planning project to replace the legacy benefit management systems of both PEBB and OEBB with a modern solution.

Oregon Educators Benefit Board (OEBB)

OEBB administers medical, dental, vision, and other benefits for more than 130,000 employees, retirees, and their family members in Oregon's K-12 school districts, education service districts, and community colleges. With the passage of House Bill 2279 (2013), cities, counties and special districts also became eligible to join the OEBB benefits program effective January 2014. OEBB



designs and maintains a full range of benefit plans for eligible and participating entities to offer their employees and early retirees. OEBB's goal is to provide high-quality benefits for all eligible employees, early retirees, and their dependents at the lowest possible cost, and to work collaboratively with members, entities and insurance carriers to further advance the triple aim of health care. As with PEBB, Senate Bill 1067 (2017) requires OEBB to use methodologies to limit annual premium increases to no more than 3.4 percent per member per year. Likewise, the bill requires OEBB to tie rates paid to hospital to no more than 200 percent of Medicare rates for in-network hospitals and no more than 185 percent of Medicare rates for out-of-network hospitals.

OEBB has controlled costs by using alternative payment models, offering its members a wide-range of plans, and—much like PEBB—encouraging the migration from preferred provider organization plans to coordinated care model plans, which have lower premiums. The OEBB budget is funded entirely by Other Funds revenue from premium payments from members. The Board's operational expenses are funded through an administrative assessment, which cannot exceed 2.0 percent of total monthly premiums. For plan year 2018-2019, the administrative assessment is 1.3 percent.

The Governor's Budget for OEBB is \$1,740.4 million, which represents a 6.8 percent increase from the 2017-19 Legislatively Approved Budget. Similar to PEBB, the budget invests in OEBB's share of the planning project to replace the PEBB and OEBB benefit management systems.

Public Health Division

The Public Health Division promotes health and prevents the leading causes of death, disease and injury in Oregon. Public Health does this by administering a variety of programs addressing behavioral and social drivers of health, and by working to ensure the physical and social environments promote health and make it easier for people to make healthy choices. Oregon's public health system includes federal, state, counties and local agencies, private organizations and other partners. Public Health operates some programs directly and funds and coordinates other programs through 33 local health departments across the state.

By focusing on prevention and emergency preparedness, Oregon's public health system lessens the effect of health threats on people's lives and lowers demand for expensive health care interventions. Oregon is poised to be a leader in leveraging sectors to address social conditions that affect health, such as housing. At the state level of the system, Public Health plays a leadership role with health care transformation.

Public Health is funded primarily through federal funds, including over 120 grants categorically dedicated to specific programs, such as emergency and hospital preparedness, cancer prevention and control, and safe drinking water. Public Health also collects Other Funds through various fee-based programs, including newborn screening tests, licensing of hospital and inpatient care facilities, registration and inspection of x-ray equipment, testing and certification of emergency medical technicians, registration of medical marijuana cardholders, growers and dispensaries, and fees for issuing certified vital records.

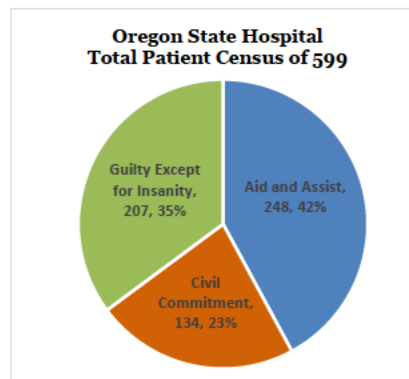
The 2019-21 Governor's Budget for Public Health totals \$725.4 million, which represents an 18.6 percent increase from the 2017-19 Legislatively Approved Budget. The General Fund budget is \$83.3 million, which represents a 28.3 percent increase from 2017-19. This increased level of funding reflects the targeted investments made by the Governor for Universal Home Visiting, Public Health Modernization. The budget also supports the purchase of a strategic stockpile of Naloxone to save lives in fighting the opioid epidemic and maintains support for county public health authorities by backfilling decreasing Other Funds revenue with \$5.5

million General Fund.

Oregon State Hospital

The Oregon State Hospital (OSH) is an integral part of the statewide behavioral health system by providing psychiatric care for adults from all 36 counties at OSH's Salem and Junction City campuses. The hospital's primary goal is to help people recover from their mental illness and return to life in their communities. The hospital has gone through significant programmatic changes in the past several years, underscored by the closure of the Blue Mountain Recovery Center in Pendleton and the Portland campus. The two remaining campuses have the maximum capacity to serve up to 766 individuals, with 592 beds in Salem and 174 beds in Junction City. Patients receiving treatment in OSH fall into one of the following three main commitment types:

- Civil Commitment - people who have been found by the court system to be an imminent danger to themselves or others, or who are unable to provide for their own basic health and safety needs due to their mental illness.
- Guilty Except for Insanity – people who committed a crime and are found by a court to be Guilty Except for Insanity. While these patients receive treatment at OSH, they are under the jurisdiction of the Psychiatric Security Review Board.
- Aid and Assist – people who have been arrested but have been found unable to participate in their legal proceedings due to a mental illness and are in need of mental health treatment to help them understand their criminal charges and “aid and assist” in their own defense (often referred to as “.370 patients” due to the corresponding state statutory provision).



OSH's role is to provide services and treatment to individuals in a way to prepare them to return to the community as soon as they are ready. Services include 24-hour on-site nursing, psychiatric, treatment planning, pharmacy, laboratory, food and nutritional services, and vocational and educational services. To ensure only people who need hospital-level care are admitted, a robust array of preventive, treatment, and crisis services must be available in local communities. In addition, to ensure people can be released from the hospital when they are ready, the community behavioral health system must have sufficient capacity to provide services in a variety of integrated and independent settings to meet each individuals' needs. Any restrictions within the community-hospital continuum can result in a backup of the behavioral health system which can reach as far as community hospital emergency departments.

As a result of a prolonged increase in the Aid and Assist population, the Governor's Budget supports the opening of a 25-bed unit at the State Hospital for 12 months as a stop-gap measure to meet statutorily timeliness standards related to court-ordered admissions and ensure these patients receive the treatment they need. As part of this strategy, the Governor's Budget invests \$7.6 million General Fund in the Health Systems Division budget to create additional capacity in local communities for intermediate treatment placements. This will enable the new unit to eventually draw down its population, consistent with the Governor's vision of ensuring patients, to the extent possible, receive appropriate treatment in the community.

The 2019-21 Governor's Budget for OSH totals \$608.1 million, which represents an 8.3 percent

increase from the 2017-19 Legislatively Approved Budget. The General Fund budget is \$500.8 million, which represents a 7.9 percent increase from 2017-19.

Central Services

Central Services provides the leadership and business support to achieve the agency's mission. This budget structure supports the following functions:

- Director's Office – responsible for the overall leadership, policy development and administrative oversight for the agency. This includes coordination with the Governor's Office, legislature, other state and federal agencies, tribal governments, partners and stakeholders, local governments, advocacy and client groups, and the private sector.
- External Relations – responsible for building strong relationships with the public, media, legislature, and other agencies at the state and federal levels. The division also helps create a broad understanding of the ways in which OHA contributes to the health of Oregonians.
- Agency Operations – provides operational support and human resources services to OHA. The division includes Central Operations and Human Resources.
- Fiscal Operations – provides oversight of financing policies and coordinates budget development and execution for OHA.
- Office of Equity and Inclusion – works on behalf of OHA and the broader health system in the state to ensure the elimination of avoidable health care gaps and to promote optimal health in Oregon for everyone.

Central Services is funded based on a federally approved cost allocation plan where programs are charged for the services they use. The Governor's Budget for Central Services totals \$36.9 million, which represents a 0.6 percent increase from the 2017-19 Legislatively Approved Budget. The General Fund budget is \$28.2 million, which represents a 14.6 percent increase from 2017-19.

Shared Services

Shared Services supports certain business functions for both the Department of Human Services (DHS) and OHA under a joint governance agreement. Shared Services contains the Office of Information Services (OIS) and the Information Security and Privacy Office (ISPO). OIS provides information technology systems and services for nearly 16,000 staff at numerous locations across the state. ISPO provides information security services by using business risk-management practices to protect confidential information and educating staff and agency partners on how to protect this information and report incidents when they occur. The functional scope of this office continues to change with the implementation of Senate Bill 90 (2017), which centralized certain information technology security functions within the Office of the State Chief Information Officer.

Shared Services is funded entirely by Other Funds transferred from different OHA and DHS programs through a federally approved cost allocation plan. The 2019-21 Governor's Budget for Shared Services totals \$176.6 million, which represents a 6.0 percent increase from the 2017-19 Legislatively Approved Budget.

State Assessments and Enterprise-wide Costs

State Assessments and Enterprise-wide Costs (SAEC) is the budget structure for payments to the Department of Administrative Services (DAS) and third parties for goods and services serving the entire agency, such as rent, state data center charges, DAS risk assessment, state

government service charges, unemployment assessments, mass transit taxes, computer replacement, and debt service.

SAEC is funded based on cost allocation statistics to determine the distribution of expenditures and the revenue distribution by General Fund, Other Funds, and Federal Funds. The Governor's Budget for SAEC totals \$282.7 million, which represents 3.9 percent increase from the 2017-19 Legislatively Approved Budget. The General Fund budget is \$209.5 million, which represents a 9.2 percent increase from 2017-19.

From: [EDLUND Tina * GOV](#)
To: [MACDONALD Thomas * DAS](#)
Subject: Review so far
Date: Saturday, November 17, 2018 5:09:34 PM
Attachments: [443_OHA_2019-21 Gov"sBudget v3_tde review up to HSD.docx](#)

Here are my edits/comments up to the HSD section.

Will carry on with most recent version.

Tina Edlund
Senior Health Policy Advisor
Office of Governor Kate Brown
(971) 209-0604

Oregon Health Authority

General Fund			
Lottery Funds			
Other Funds			
Federal Funds			
Other Funds (Nonlimited)			
Federal Funds (Nonlimited)			
Total Funds			
Positions			
Full-time Equivalent			

OVERVIEW

The Governor's Budget for the Oregon Health Authority (OHA) reinforces the state's commitment to making the health of Oregonians a core foundation of the state while ensuring the health care delivery model remains sustainable during a time of increasing cost pressures and reduced federal funding. The budget helps achieve critical health care outcomes through strategic investments, revenue reforms, and cost savings measures – all while preserving coverage, health care benefits and holding the state's health care programs to high standards.

OHA achieves its mission of helping people and communities reach optimal physical, behavioral, and social well-being through the following health care programs: Oregon Health Plan (OHP), Non-Medicaid Behavioral Health, the Oregon State Hospital, Public Health, Health Policy and Analytics, the Public Employees' Benefit Board (PEBB), and the Oregon Educators Benefit Board (OEBB). The nine-member Oregon Health Policy Board also serves as the policy-making and oversight body for OHA and helps ensure access to quality, affordable health care for all Oregonians.

The OHA budget directly impacts a significant portion of Oregon's population:

- Nearly 1,300,000 individuals receive health care coverage through OHP, PEBB, ~~and or~~ OEBB;
- Over 50,000 individuals receive non-Medicaid behavioral health support and treatment services through local community mental health and substance use disorder programs;
- Approximately 600 individuals receive 24-hour psychiatric care through the Oregon State Hospital system; and,
- Every Oregonian benefits from disease prevention and wellness services provided by the Public Health Division.

There are also more than 115,000 Oregonians who purchase federally-subsidized health care coverage through the state's Health Insurance Marketplace. In 2017, Governor Brown expanded coverage even further by signing Cover All Kids into law, which extended eligibility for medical assistance to all Oregon children residing in families with incomes up to 300 percent of the poverty level. All children in Oregon now have access to quality health care coverage.

Commented [TE1]: Since this is the OHA section of the budget, do you think this belongs?

In less than a decade, Oregon's focus on health care has vastly increased the overall number of Oregonians who have comprehensive coverage—pushing the rate of coverage from 85 percent of all Oregonians in 2011 to 94 percent today. Yet coverage alone is not enough. Meaningful improvement in health requires having the same kind of access to oral health and behavioral health as we have for traditional physical health care services. The state must also continue to improve the affordability and sustainability of our health care system while ensuring Oregonians can be as healthy as possible.

Governor Brown's 2019-21 budget addresses these important issues by taking a multi-biennia approach to ensure our health care programs remain sustainable and implements a robust health care agenda focused on addressing underlying costs and raising the bar for health outcomes.

GOVERNOR'S BUDGET

The 2019-21 Governor's Budget for OHA totals \$22,048.2 million, which represents a 9.0 percent increase from the 2017-19 Legislatively Approved Budget. The General Fund budget is \$2,441.5 million and represents a 12.8 percent increase from 2017-19. The budget supports 4,297 positions (4,221.17 FTE).

The Governor's plan advances Oregon's success with health care transformation through the following interrelated strategic reforms and investments: helping children achieve their full potential; enhancing the behavioral health system; improving overall health outcomes; and sustaining-extending Oregon's health care model.

Helping Children Achieve their Full Potential

Governor Brown convened her Children's Cabinet in 2017 to create pathways toward prosperity for children and their families. ~~Through~~ As shown in the Cabinet's recommendations and the strategies outlined in the Governor's Health Care and Addictions and Recovery Agendas, health care is at the intersection of children ~~being able to grow-upgrowing up~~ to be successful adults. All children in Oregon currently have access to health care coverage, with children in low-income families covered by Medicaid and the Children's Health Insurance Program (CHIP). But more needs to be done given increasing challenges children and families face.

To address these challenges, the Governor's Budget makes key investments in evidence-based health care solutions that improve the conditions of all Oregonians while creating pathways for resiliency and success.

- Multi-Generational Addictions Treatment - The indiscriminate chronic disease of substance use disorder (SUD) plagues Oregon families from all backgrounds. Parents and caregivers who suffer with SUD expose their children to adverse childhood experiences, thus increasing the probability that kids will suffer from the same chronic illness. To help break the cycle of addiction passed through generations, the Governor's Budget invests \$5 million to expand prenatal and postpartum treatment and support for mothers.
- Intensive In-Home Behavioral Health Services – Due to a lack of intensive community-based services, many Medicaid-eligible youth are referred to residential care instead of receiving treatment in their home community. The creation of new intensive care opportunities in communities will provide alternatives to residential services and help keep families together. The Governor's Budget includes \$19.6 million in state and federal

matching funds to enable coordinated care organizations and providers to deliver such services, which can include individual and family therapy, peer-delivered services, medication management, and 24-hour crisis response.

- ◆ Universal Home Visiting – Home visiting programs are a proven way of creating a safe and healthy environment for children by supporting parents and families with information ~~and care to form~~ information about screenings, referrals, check-ups and other essential information that provide lasting benefits and the foundation for a lifetime of physical and mental well-being. The Governor's Budget recognizes this through an \$8.7 million investment of state and federal funds for a Universal Home Visiting program to complement existing home visiting services by helping families enter into their community system of care. This investment will bring together community partners to improve health outcomes, reduce adverse childhood experiences, decrease rates of maternal mortality, enhance positive parenting behaviors, and put in place a system of preventive care that avoids downstream costs.-
- Regional Assessments – The Governor's Budget includes \$10.4 million to support integrated evaluations and care planning for children and their families. This reflects a new model, with a priority to assist the children who are inappropriately placed in a certain settings, such as temporary lodging or Emergency Department boarding, through evaluation, assessment, and stabilization. On an ongoing basis, these regional programs will be the go-to source when children are “stuck” in an inappropriate placement. Regional Assessment programs may be co-located with short-term stabilization beds to support children when an appropriate placement is not immediately available.
- Reduce Risk Factors for Suicide – Investing in earlier intervention and access to behavioral health services for Oregon's elementary, middle school, and high school students will help them stay in school, improve learning outcomes, graduate, and prevent detrimental behavioral health issues. This is critical in order to stem the rising rate of suicide. To support this goal, the Governor's Budget provides \$13.1 million to implement the priorities in the Youth Suicide Intervention and Prevention Plan, support mental health consultation and treatment in schools, help communities in crisis, and develop a comprehensive adult suicide prevention plan.
- Office of Child Health – OHA currently lacks a defined team ~~able~~ to provide ~~the necessary~~ essential coordination and focus on prenatal and child health initiatives. To remedy this, the Governor's Budget creates the Office of Child Health to enhance OHA's ability to improve long-term health outcomes in Oregon, with a focus on the prenatal through age 5 population.

Improving Health Outcomes

Improving the health status of every Oregonian requires pushing the coordinated care model beyond the success of the past six years by spurring sustainable community innovation, investing in social determinants of health and equity, and strengthening connections to public health, human services, and long-term support.

- ◆ CCO 2.0 – OHA is currently undertaking the significant advancement of the coordinated care system in preparation for a new procurement of coordinated care organizations (CCOs) in 2020. The priorities outlined by the Governor for this endeavor focus on

improving the behavioral health system, increasing value and pay for performance, maintaining sustainable cost growth, and addressing social determinants of health and equity. Increasing strategic spending on social determinants of health, ~~health and equity is particularly critical~~ for reducing disparities faced in Oregon's rural communities, ~~particularly especially~~ in terms of the level of poverty, lack of housing and transportation, and challenges to accessing care in those communities. ~~Meeting the health care needs of Oregon's tribal members is also imperative to ensure community health priorities and investments are appropriately aligned.~~ Overall, Oregon must improve access to health care that is culturally responsive and enhances the social, physical, behavioral and oral health. ~~CCO 2.0 will achieve these goals in part by strengthening meaningful engagement of tribes, diverse Oregon Health Plan members, Community Advisory Councils (CACs) and by increasing the integration and use of Traditional Health Workers (THWs).~~ While many of the investments and reforms included in the Governor's Budget for OHA support this initiative, the budget also includes a \$1.9 million investment necessary for OHA to ~~carry out the immense work and~~ achieve the goals of CCO 2.0.

- **Public Health Modernization** – A healthy population requires a 21st century public health system with the capacity and resilience to provide foundational public health services across the state, such as communicable disease control, chronic disease prevention, and emergency preparedness. Public Health Modernization remains a top priority for the 2019-21 biennium and the Governor builds on the existing \$5 million modernization budget with an additional \$13.6 million investment in 2019-21. A modern public health system ensures foundational public health protections are in place for every person in Oregon, the public health system is prepared and has the right resources to address emerging health threats, and the system is focused on building health equity and eliminating health disparities
- **Housing Support** – Access to safe, quality, and affordable housing—including the support necessary to maintain that housing—represents one of the most critical social determinants of health. Under the Governor's leadership, OHA and Oregon Housing and Community Services are collaborating to create at least 500 new units of permanent supportive housing across Oregon to help the chronically homeless get off the streets and have access to addiction and mental health treatment. The Governor's Budget includes \$4.5 million for OHA to provide behavioral health and other critical support to these individuals as these housing units become available later in the 2019-21 biennium.
- **Tobacco Cessation** – Tobacco remains the number one cause of preventable death and disease in Oregon. About 31 percent of adults on the Oregon Health Plan currently smoke. Most addiction to tobacco starts in adolescence; nine of 10 adults who smoke report that they started smoking before turning 18. **Medical expenses and lost wages resulting from tobacco-related disease and premature death cost Oregon \$2.5 billion each year, or \$1,600 for every Oregon household in our state.** Increasing the price of tobacco products is one of the most effective policy tools to reducing tobacco use, yet Oregon's cigarette tax remains lower than most other states, currently ranking 32nd in the nation, and is far behind neighboring California and Washington, **where cigarette taxes are \$2.87 and \$3.06 per pack respectively.** To reduce the use of tobacco and its outsized consequences on the health of Oregonians, the Governor proposes a \$2.00 per pack increase on the state's existing cigarette tax, extends the existing wholesale tax on other tobacco products to vaping products, and increases other non-cigarette tobacco taxes. Not only will the

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increased cost of these products reduce tobacco use and increase the health of Oregonians, the additional revenue through this proposal will support the Oregon Health Plan. In turn, this investment will help further advance tobacco cessation and improved health outcomes by sustaining health care coverage and the corresponding health services provided.

- **Ending Hepatitis C Infections** – Hepatitis C is one of the most common blood-borne diseases in the United States and also one of the driving causes of liver cancer and liver transplants. Fortunately, new treatments exist to cure infected patients. Although the cost for these treatments continue to decline, they still remain expensively prohibitive. An investment in the 2017-19 biennium enabled OHA to expand Hepatitis C treatment to Oregon Health Plan patients with later stages of the disease. The 2019-21 Governor's Budget increases this investment with an additional \$10.7 million in state and federal resources to ensure treatment is available to Oregon Health Plan members with any stage of the disease and puts the state on track to ~~ending-eradicate~~ the cascading effects of Hepatitis C infections.

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Enhancing the Behavioral Health System

A key strategy to achieving lower costs, better outcomes, and better health is to reduce health care silos. Physical health, mental health, substance use disorder treatment, and oral health services are too often delivered in separate, fragmented ways. By integrating these services and making targeted investments, Oregon can expand access to appropriate treatment at the right time, maximize the opportunity to achieve better health outcomes, and lower costs.

- **Advancing Behavioral Health Integration** – Improving the behavioral health system is one of the Governor's top priorities ~~through-for~~ CCO 2.0. To establish a more connected system, the Governor's Budget provides \$5.9 million to incentivize providers to invest in foundational technology, especially behavioral health electronic health records, help adapt the primary care home model to advance integration within behavioral health settings, and improve access to evidence based pharmaceutical treatments and practice guidelines.
- **Develop Alternatives to Opioids** – As part of the Governor's strategy to address the opioid epidemic, the budget makes further investments to train providers in appropriate opioid prescription practices and alternative approaches to pain management.
- **Community Mental Health Investments** – One of the most critical relationships in Oregon's behavioral health system involves the Oregon State Hospital and community mental health treatment programs. Although a key goal of Oregon's mental health system is to treat patients in communities as opposed to providing institutionalized care, some patients in the criminal justice system ~~must~~ receive stabilization treatment and evaluation in the State Hospital under court orders as a result of their inability to "aid and assist" in their own defense. Due to a prolonged increase in the Aid and Assist population, the State Hospital struggles to accept new patients from the courts in a timely manner as required by statute. This capacity constraint also negatively impacts other types of patients who need hospital level of care and strains communities struggling to appropriately treat these patients.

The Governor's Budget addresses this situation through a multi-faceted strategy. First, the budget supports the opening of a new unit at the State Hospital for 12 months as a stop-gap solution to resolve the immediate capacity needs. Second, her budget invests \$7.6 million to

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increase long-term capacity for intermediate services at the community level. This investment is in addition to \$4.1 million invested in the community mental health system in 2015-17 to increase treatment capacity. The temporary opening of the new unit at the State Hospital and the additional investment in local community treatment capacity complement statutory reforms proposed by the Governor to ensure the State Hospital's costly level of care intended for the hardest to treat patients is not used for patients who commit misdemeanors and would be more appropriately treated in community settings unless evaluated and determined otherwise.

Sustaining Oregon's Health Care Model

One of the predominant challenges facing the Oregon Health Plan continues to be the growth in the level of state funds needed to sustain health care services absent any reforms to program revenue or significant reductions in health care. A significant portion of the program has been supported with revenue no longer available in 2019-21. This challenge is exacerbated by declining support in federal revenue due to decreasing federal matching rates.

The Governor's Budget addresses the challenge of appropriately, sustainably, and equitably funding our health care system by reforming the way in which hospitals, insurers, CCOs, and employers contribute to the system through assessments on their revenue. These reforms reflect that the health system as a whole has fared well through the significant expansion of coverage since 2014, as indicated through increased revenue margins for both hospitals and CCOs.

To address the issue of OHP funding, the Governor convened a workgroup of health care partners to arrive at a consensus-driven plan to secure long-term, sustainable funding for the Oregon Health Plan. The recommended plan includes broad-based sustainable revenue over a six-year timeline. Revenue reforms are not the only critical piece to sustaining the Oregon Health Plan. Without strong cost controls, health care will continue to outstrip the growth of state revenue and personal income. Taken as a whole, the Governor's Budget takes an important step forward in ensuring the Oregon Health Plan is on a sustainable path without sacrificing coverage or the quality of care.

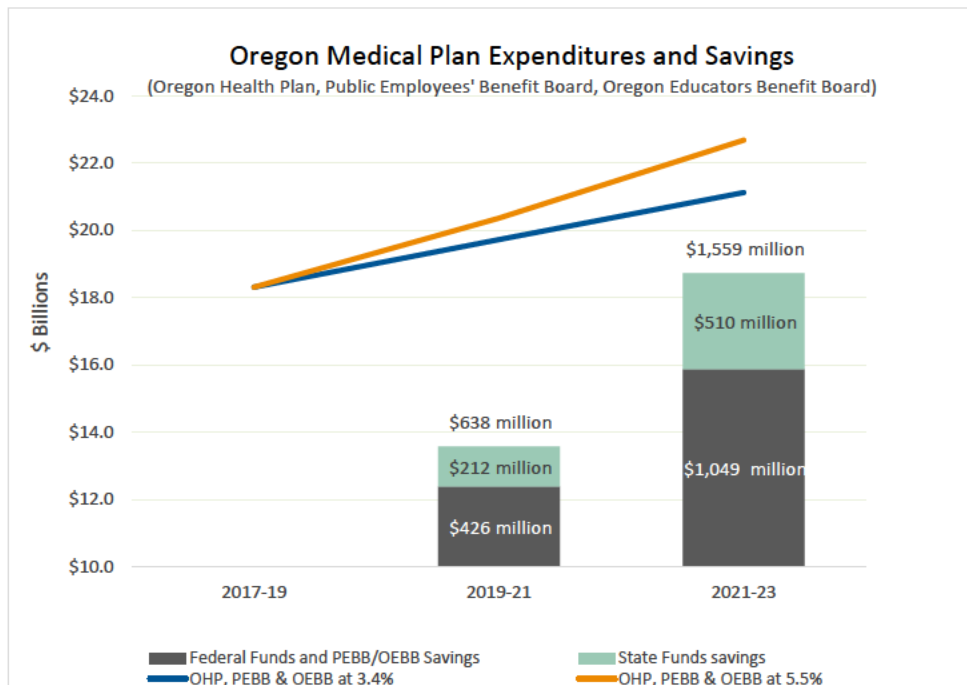
- Hospital Assessment – The budget revises the Hospital Assessment structure to maximize the fully reimbursable hospital assessment from 5.3 percent to 6 percent of net patient revenue for Diagnostic Related Group hospitals.
- Health Insurance, Managed Care, and Stop-Loss Assessments – The budget reinstates the current insurance and managed care tax that expires at the end of 2019 at 2 percent of premiums and broadens the base by including an assessment on stop-loss coverage. This plan not only funds the Oregon Health Plan, but also some of the revenue for the Oregon Reinsurance Program administered by the Department of Consumer and Business Services for the individual market.
- Subsidized Employer Assessment – There are approximately 1 million workers in Oregon employed by firms with 50 or more employees and approximately 25 percent of them are either ineligible for, or not offered health care coverage through, their employers. Many of these employees must therefore obtain health care coverage through the Oregon Health Plan and other publically supported programs. Put differently, public programs that provide affordable health care coverage, such as the Oregon Health Plan, are subsidizing some employers who do not provide health care coverage to low-income workers, or

whose workers cannot afford the coverage they are offered. A new Subsidized Employer Assessment will levy an assessment on employers who do not meet threshold health care contributions on behalf of their workers.

- Tobacco Taxes – As discussed above, the Governor’s Budget increases cigarette taxes by \$2.00 per pack and also extends the existing wholesale tax on “other tobacco products” to e-cigarettes and vaping products. Most of the net proceeds from the additional tobacco tax revenue will help support the Oregon Health Plan and Public Health Modernization.
- Bending the Cost Curve – The Governor’s Budget maintains Oregon’s place as a leader in holding per capita cost growth below national trends. Annual health care ~~spending cost~~ growth for the Oregon Health Plan, PEBB and OEBB remains capped at 3.4 percent per member. When CCOs stay within their budget target, meet their quality goals, and provide required services, they have the flexibility to implement innovative quality improvement programs and invest in health-related services that align with elements of their community plans, such as housing support, food security, and community activities that support a healthy population. With flexible spending investments in community-based social services, and by addressing social determinants of health, CCOs will have tools to focus on a much broader definition of “community health.” Overall, holding CCOs, PEBB, and OEBB to 3.4 percent per capita cost growth results in significant savings to both the state and federal governments. When comparing this rate to projected national annual health care cost increases of 5.5 percent, Oregon’s approach is estimated to save a total of

\$638 million in 2017-19 and \$1,559 million in 2019-21.

In addition to these revenue reforms and on-going efforts to bend the cost curve, the Oregon Health and Sciences University (OHSU) continues to be a strong partner in helping to sustain Oregon's health care system through the intergovernmental transfer (IGT) program established in 2017-19. OHSU, as Oregon's only public academic health center, is a critical part of the safety net for Oregon's most vulnerable population, providing health care services



to a large number of Medicaid members, training Oregon's health care workforce across the state, and engaging in research to improve care and bring significant federal dollars to Oregon. By removing OHSU from the hospital tax in the 2017 legislative session, the state and OHSU have collaborated to increase the amount of funding available for the Medicaid program. This budget reflects an additional \$252 million in state funds, which raises the total state funds to 432 million from the OHSU IGT program for the Medicaid program. The budget reflects providing critical funding for OHSU at 87 percent of cost for the Medicaid members OHSU serves and holds OHSU's unit cost growth to no more than 3.4 percent annually for the Medicaid program.

REVENUE SUMMARY

Approximately 54 percent of OHA's budget is supported with Federal Funds, of which a significant portion represents federal Medicaid dollars matched with state funds. Federal Medicaid reimbursement is based on the Federal Medical Assistance Percentage, and there are

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three key rates determining how much state funding is required to support Medicaid caseload expenditures. Based on recent decreases in these rates, a significant amount of additional state funding is required to support the Oregon Health Plan compared to prior years. Other important federal revenue sources include the Mental Health Services Block Grant, the Substance Abuse Prevention Treatment grant, and various federal grants supporting the Public Health Division and Health Policy and Analytics. General Fund represents 11 percent of the budget, a significant portion of which is used to match federal Medicaid dollars. Important sources of Other Funds used to support the Governor's Budget include revenue from health care providers to support the Oregon Health Plan, tobacco taxes, revenue from the national Tobacco Master Settlement Agreement, and fees related to health care regulatory functions.

AGENCY PROGRAMS

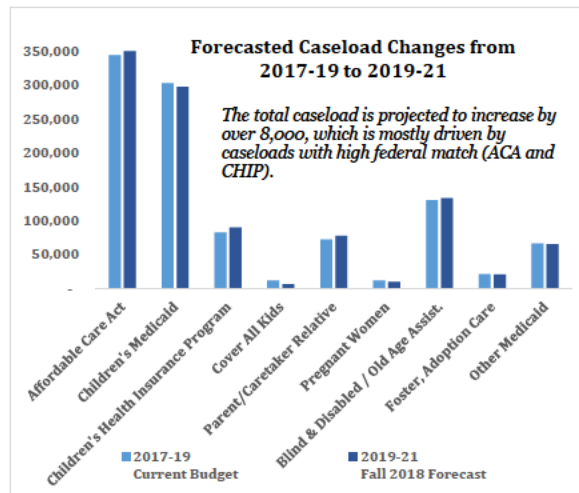
Health Systems Division

The Health Systems Division (HSD) ensures the systematic transformation of health care in Oregon by delivering integrated health care services, strengthening the coordinated care model, and improving health outcomes through administration of the state's Medicaid and non-Medicaid programs.

Medicaid: OHA is the state designated agency responsible for Medicaid, which is jointly funded by states and the federal government. Most of the state's Medicaid coverage is provided through the Oregon Health Plan, which provides comprehensive physical, behavioral, and oral health care coverage to low-income adults and children. Currently, approximately one million individuals across several caseload categories receive Medicaid coverage in Oregon.

Oregon's health care system has experienced significant changes upon the creation of CCOs in 2012 to manage most Oregon Health Plan services. The coordinated care model emphasizes prevention and helping people manage chronic conditions which, in turn, helps reduce unnecessary and expensive medical services and supports healthy living. There are currently 15 CCOs operating in Oregon.

To guide the next five years of coordinated care, OHA is working with the Oregon Health Policy Board (OHPB), policymakers, stakeholders, and Oregon Health Plan members to bring forward new ideas to address the gaps and challenges persisting in Oregon's health care system. This next phase of health care transformation is referred to as "CCO 2.0." OHA's focus on this effort is guided by four priorities identified by the Governor: 1) improve the behavioral health system; 2) increase value and pay for performance; 3) focus on the social determinants of health and health equity; and 4) maintain sustainable cost growth. The Governor's Health Care Agenda and 2019-21 investment proposals are heavily centered on these priorities.



Non-Medicaid Behavioral Health: The Non-Medicaid Behavioral Health budget supports critical elements in Oregon's community behavioral health system, which serves as a safety net for all Oregonians regardless of health care coverage. A significant portion of non-Medicaid services is provided through community mental health programs and alcohol, drug, and gambling addiction treatment providers. An important focus of the non-Medicaid system is to respond to individual and community crises and meet immediate behavioral health needs. Non-Medicaid funds also support OHP members through the purchase of social support services not included in the Medicaid benefit package, such as early outreach and engagement, peer-based recovery, and housing services.

The services provided through Non-Medicaid Behavioral Health must be in compliance with an agreement reached with the United States Department of Justice (USDOJ) in 2012. This agreement requires the state to take steps to better provide individuals with serious and persistent mental illness with the critical community services necessary to help them live in the most integrated setting appropriate to their needs and achieve positive outcomes. The budgetary and programmatic decisions for Non-Medicaid Behavioral Health continue to be made in accordance with the objectives of the USDOJ agreement.

The overall Health Systems Division budget, including Medicaid, Non-Medicaid Behavioral Health, and related administration, totals \$16,183.3 million, which represents a 9.3 percent increase from the 2017-19 Legislatively Approved Budget. The recommended General Fund budget is \$1,568.5 million, which represents a 14.1 percent increase from 2017-19. The increased level of funding is primarily a result of many of the Governor's Health Care Agenda investments discussed above. These include the investments for Regional Assessments, Rental Assistance, School-Based Mental Health and Suicide Prevention, Community Mental Health Services, and expanding Hepatitis C treatment. Other key investments in this division include \$6.7 million General Fund to replace OHA's outdated behavioral health data systems and \$9.1 million General Fund to backfill declining Other Funds revenue for Non-Medicaid Behavioral Health.

Health Policy and Analytics

Health Policy and Analytics (HPA) provides policy support, technical assistance, and access to health information statistics and tools to all organizations and providers participating in Oregon's health system transformation. The key functions of HPA are: Health Policy; Clinical Improvement Services; Health Analytics; Health Information Technology; Business Support; and PEBB and OEBB, which are operationally situated in HPA but have separate budget structures. In addition to these functions, the Governor's Budget establishes the Office of Child Health within HPA to enhance OHA's ability to improve long-term health outcomes for the prenatal through age five population. The Office of Child Health will be particularly instrumental in improving OHA's ability to focus on social determinants of health and equity.

HPA is largely supported by federal Medicaid dollars matched with General Fund. The program also receives Federal Funds from the Health Resources and Services Administration Primary Care grant, and Health Information Technology Electronic Health Record funds. HPA receives Other Funds revenue from various grants and fees.

The Governor's Budget for HPA totals \$195.3 million, which represents a 6.7 percent increase from the 2017-19 Legislatively Approved Budget. The General Fund budget is \$51.3 million, which represents an 18.2 percent increase from 2017-19. The change in General Fund is largely due to the Governor's investments in CCO 2.0, the creation of the Office of Child Health, and investment in Intensive In-Home Behavioral Health Services.

Public Employees' Benefit Board (PEBB)

PEBB designs, contracts for, and administers health plans, group insurance policies, and flexible spending accounts for state and university employees and their dependents, representing nearly 140,000 Oregonians. In 2006, PEBB moved toward self-insurance, which gives the Board more flexibility in plan design to meet specific goals, which contributes to the Board's success in keeping premium increases low. PEBB supports OHA's goal to transform the health care system in Oregon and to fundamentally improve how care is paid for and delivered.

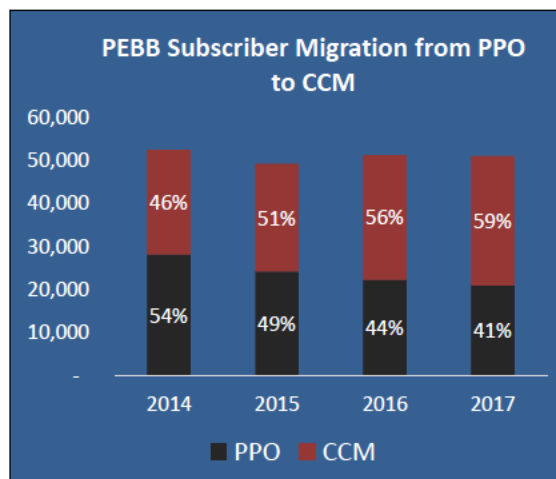
The PEBB budget is funded entirely with Other Funds revenue from premiums collected for all insured individuals, a significant portion of which comes from General Fund resources paid by other state agencies and organizations for their share of premium costs. Consistent with the state's strategy for transforming health care and bending the cost curve, PEBB holds annual growth in per member costs to 3.4 percent. In the 2017 Legislative Session, Senate Bill 1067 codified the parameters around the annual growth rate by requiring PEBB to use methodologies to limit annual self-insured and premium increases to no more than 3.4 percent per member per year starting in plan year 2019 (January 1, 2019). The bill also ties hospital rates paid by PEBB to no more than 200 percent of Medicare rates for in-network hospitals and no more than 185 percent of Medicare rates for out-of-network hospitals.

Similar to the Oregon Health Plan, a key part of PEBB's ongoing strategy to improve health outcomes while bending the cost curve relates to promoting the coordinated care model (CCM) through the use of patient-centered primary care homes. This model focuses on primary care and prevention and has defined quality and access standards. CCM plans provide an opportunity for reducing utilization of unnecessary services, improving coordination of disease management among varying providers, and using innovative reimbursement models. The migration of PEBB members from more expensive Preferred Provider Organization plans to CCM plans has been important in maintaining annual cost growth to no more than 3.4 percent per member per year.

The Governor's Budget for PEBB is \$2,099.7 million, which represents a 6.8 percent increase from the 2017-19 Legislatively Approved Budget. The budget invests funding for PEBB's share of a planning project to replace the legacy benefit management systems of both PEBB and OEBB with a modern solution.

Oregon Educators Benefit Board (OEBB)

OEBB administers medical, dental, vision, and other benefits for more than 130,000 employees, retirees, and their family members in Oregon's K-12 school districts, education service districts, and community colleges. With the passage of House Bill 2279 (2013), cities, counties and special



districts also became eligible to join the OEBB benefits program effective January 2014. OEBB designs and maintains a full range of benefit plans for eligible and participating entities to offer their employees and early retirees. OEBB's goal is to provide high-quality benefits for all eligible employees, early retirees, and their dependents at the lowest possible cost, and to work collaboratively with members, entities and insurance carriers to further advance the triple aim of health care. As with PEBB, Senate Bill 1067 (2017) requires OEBB to use methodologies to limit annual premium increases to no more than 3.4 percent per member per year. Likewise, the bill requires OEBB to tie rates paid to hospital to no more than 200 percent of Medicare rates for in-network hospitals and no more than 185 percent of Medicare rates for out-of-network hospitals.

OEBB has controlled costs by using alternative payment models, offering its members a wide-range of plans, and—much like PEBB—encouraging the migration from preferred provider organization plans to coordinated care model plans, which have lower premiums. The OEBB budget is funded entirely by Other Funds revenue from premium payments from members. The Board's operational expenses are funded through an administrative assessment, which cannot exceed 2.0 percent of total monthly premiums. For plan year 2018-2019, the administrative assessment is 1.3 percent.

The Governor's Budget for OEBB is \$1,740.4 million, which represents a 6.8 percent increase from the 2017-19 Legislatively Approved Budget. Similar to PEBB, the budget invests in OEBB's share of the planning project to replace the PEBB and OEBB benefit management systems.

Public Health Division

The Public Health Division promotes health and prevents the leading causes of death, disease and injury in Oregon. Public Health does this by administering a variety of programs addressing behavioral and social drivers of health, and by working to ensure the physical and social environments promote health and make it easier for people to make healthy choices. Oregon's public health system includes federal, state, counties and local agencies, private organizations and other partners. Public Health operates some programs directly and funds and coordinates other programs through 33 local health departments across the state.

By focusing on prevention and emergency preparedness, Oregon's public health system lessens the effect of health threats on people's lives and lowers demand for expensive health care interventions. Oregon is poised to be a leader in leveraging sectors to address social conditions that affect health, such as housing. At the state level of the system, Public Health plays a leadership role with health care transformation.

Public Health is funded primarily through federal funds, including over 120 grants categorically dedicated to specific programs, such as emergency and hospital preparedness, cancer prevention and control, and safe drinking water. Public Health also collects Other Funds through various fee-based programs, including newborn screening tests, licensing of hospital and inpatient care facilities, registration and inspection of x-ray equipment, testing and certification of emergency medical technicians, registration of medical marijuana cardholders, growers and dispensaries, and fees for issuing certified vital records.

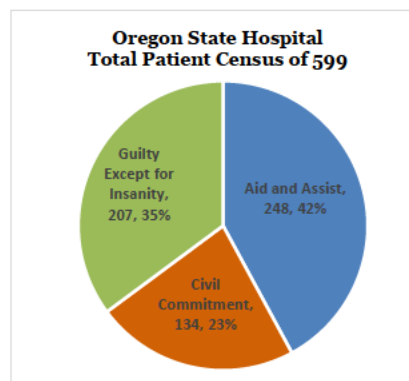
The 2019-21 Governor's Budget for Public Health totals \$725.4 million, which represents an 18.6 percent increase from the 2017-19 Legislatively Approved Budget. The General Fund budget is \$83.3 million, which represents a 28.3 percent increase from 2017-19. This increased level of funding reflects the targeted investments made by the Governor for Universal Home Visiting, Public Health Modernization. The budget also supports the purchase of a strategic stockpile of Naloxone to save lives in fighting the opioid epidemic and maintains support for

county public health authorities by backfilling decreasing Other Funds revenue with \$5.5 million General Fund.

Oregon State Hospital

The Oregon State Hospital (OSH) is an integral part of the statewide behavioral health system by providing psychiatric care for adults from all 36 counties at OSH's Salem and Junction City campuses. The hospital's primary goal is to help people recover from their mental illness and return to life in their communities. The hospital has gone through significant programmatic changes in the past several years, underscored by the closure of the Blue Mountain Recovery Center in Pendleton and the Portland campus. The two remaining campuses have the maximum capacity to serve up to 766 individuals, with 592 beds in Salem and 174 beds in Junction City. Patients receiving treatment in OSH fall into one of the following three main commitment types:

- Civil Commitment - people who have been found by the court system to be an imminent danger to themselves or others, or who are unable to provide for their own basic health and safety needs due to their mental illness.
- Guilty Except for Insanity – people who committed a crime and are found by a court to be Guilty Except for Insanity. While these patients receive treatment at OSH, they are under the jurisdiction of the Psychiatric Security Review Board.
- Aid and Assist – people who have been arrested but have been found unable to participate in their legal proceedings due to a mental illness and are in need of mental health treatment to help them understand their criminal charges and “aid and assist” in their own defense (often referred to as “.370 patients” due to the corresponding state statutory provision).



OSH's role is to provide services and treatment to individuals in a way to prepare them to return to the community as soon as they are ready. Services include 24-hour on-site nursing, psychiatric, treatment planning, pharmacy, laboratory, food and nutritional services, and vocational and educational services. To ensure only people who need hospital-level care are admitted, a robust array of preventive, treatment, and crisis services must be available in local communities. In addition, to ensure people can be released from the hospital when they are ready, the community behavioral health system must have sufficient capacity to provide services in a variety of integrated and independent settings to meet each individuals' needs. Any restrictions within the community-hospital continuum can result in a backup of the behavioral health system which can reach as far as community hospital emergency departments.

As a result of a prolonged increase in the Aid and Assist population, the Governor's Budget supports the opening of a 25-bed unit at the State Hospital for 12 months as a stop-gap measure to meet statutorily timeliness standards related to court-ordered admissions and ensure these patients receive the treatment they need. As part of this strategy, the Governor's Budget invests \$7.6 million General Fund in the Health Systems Division budget to create additional capacity in local communities for intermediate treatment placements. This will enable the new unit to eventually draw down its population, consistent with the Governor's vision of ensuring patients, to the extent possible, receive appropriate treatment in the community.

The 2019-21 Governor's Budget for OSH totals \$608.1 million, which represents an 8.3 percent increase from the 2017-19 Legislatively Approved Budget. The General Fund budget is \$500.8 million, which represents a 7.9 percent increase from 2017-19.

Central Services

Central Services provides the leadership and business support to achieve the agency's mission. This budget structure supports the following functions:

- Director's Office – responsible for the overall leadership, policy development and administrative oversight for the agency. This includes coordination with the Governor's Office, legislature, other state and federal agencies, tribal governments, partners and stakeholders, local governments, advocacy and client groups, and the private sector.
- External Relations – responsible for building strong relationships with the public, media, legislature, and other agencies at the state and federal levels. The division also helps create a broad understanding of the ways in which OHA contributes to the health of Oregonians.
- Agency Operations – provides operational support and human resources services to OHA. The division includes Central Operations and Human Resources.
- Fiscal Operations – provides oversight of financing policies and coordinates budget development and execution for OHA.
- Office of Equity and Inclusion – works on behalf of OHA and the broader health system in the state to ensure the elimination of avoidable health care gaps and to promote optimal health in Oregon for everyone.

Central Services is funded based on a federally approved cost allocation plan where programs are charged for the services they use. The Governor's Budget for Central Services totals \$36.9 million, which represents a 0.6 percent increase from the 2017-19 Legislatively Approved Budget. The General Fund budget is \$28.2 million, which represents a 14.6 percent increase from 2017-19.

Shared Services

Shared Services supports certain business functions for both the Department of Human Services (DHS) and OHA under a joint governance agreement. Shared Services contains the Office of Information Services (OIS) and the Information Security and Privacy Office (ISPO). OIS provides information technology systems and services for nearly 16,000 staff at numerous locations across the state. ISPO provides information security services by using business risk-management practices to protect confidential information and educating staff and agency partners on how to protect this information and report incidents when they occur. The functional scope of this office continues to change with the implementation of Senate Bill 90 (2017), which centralized certain information technology security functions within the Office of the State Chief Information Officer.

Shared Services is funded entirely by Other Funds transferred from different OHA and DHS programs through a federally approved cost allocation plan. The 2019-21 Governor's Budget for Shared Services totals \$176.6 million, which represents a 6.0 percent increase from the 2017-19 Legislatively Approved Budget.

State Assessments and Enterprise-wide Costs

State Assessments and Enterprise-wide Costs (SAEC) is the budget structure for payments to the Department of Administrative Services (DAS) and third parties for goods and services

serving the entire agency, such as rent, state data center charges, DAS risk assessment, state government service charges, unemployment assessments, mass transit taxes, computer replacement, and debt service.

SAEC is funded based on cost allocation statistics to determine the distribution of expenditures and the revenue distribution by General Fund, Other Funds, and Federal Funds. The Governor's Budget for SAEC totals \$282.7 million, which represents 3.9 percent increase from the 2017-19 Legislatively Approved Budget. The General Fund budget is \$209.5 million, which represents a 9.2 percent increase from 2017-19.

From: [EDLUND Tina * GOV](#)
To: [MACDONALD Thomas * DAS](#)
Cc: [ROMAN Linda * GOV](#)
Subject: Full document review
Date: Saturday, November 17, 2018 5:29:02 PM
Attachments: [443_OHA_2019-21 Gov'sBudget v3_tde full document.docx](#)

Tom,
See attached.
T

Tina Edlund
Senior Health Policy Advisor
Office of Governor Kate Brown
(971) 209-0604

Oregon Health Authority

General Fund			
Lottery Funds			
Other Funds			
Federal Funds			
Other Funds (Nonlimited)			
Federal Funds (Nonlimited)			
Total Funds			
Positions			
Full-time Equivalent			

OVERVIEW

The Governor's Budget for the Oregon Health Authority (OHA) reinforces the state's commitment to making the health of Oregonians a core foundation of the state while ensuring the health care delivery model remains sustainable during a time of increasing cost pressures and reduced federal funding. The budget helps achieve critical health care outcomes through strategic investments, revenue reforms, and cost savings measures – all while preserving coverage, health care benefits and holding the state's health care programs to high standards.

OHA achieves its mission of helping people and communities reach optimal physical, behavioral, and social well-being through the following health care programs: Oregon Health Plan (OHP), Non-Medicaid Behavioral Health, the Oregon State Hospital, Public Health, Health Policy and Analytics, the Public Employees' Benefit Board (PEBB), and the Oregon Educators Benefit Board (OEBB). The nine-member Oregon Health Policy Board also serves as the policy-making and oversight body for OHA and helps ensure access to quality, affordable health care for all Oregonians.

The OHA budget directly impacts a significant portion of Oregon's population:

- Nearly 1,300,000 individuals receive health care coverage through OHP, PEBB, ~~and or~~ OEBB;
- Over 50,000 individuals receive non-Medicaid behavioral health support and treatment services through local community mental health and substance use disorder programs;
- Approximately 600 individuals receive 24-hour psychiatric care through the Oregon State Hospital system; and,
- Every Oregonian benefits from disease prevention and wellness services provided by the Public Health Division.

There are also more than 115,000 Oregonians who purchase federally-subsidized health care coverage through the state's Health Insurance Marketplace. In 2017, Governor Brown expanded coverage even further by signing Cover All Kids into law, which extended eligibility for medical assistance to all Oregon children residing in families with incomes up to 300 percent of the poverty level. All children in Oregon now have access to quality health care coverage.

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In less than a decade, Oregon's focus on health care has vastly increased the overall number of Oregonians who have comprehensive coverage—pushing the rate of coverage from 85 percent of all Oregonians in 2011 to 94 percent today. Yet coverage alone is not enough. Meaningful improvement in health requires having the same kind of access to oral health and behavioral health as we have for traditional physical health care services. The state must also continue to improve the affordability and sustainability of our health care system while ensuring Oregonians can be as healthy as possible.

Governor Brown's 2019-21 budget addresses these important issues by taking a multi-biennia approach to ensure our health care programs remain sustainable and implements a robust health care agenda focused on addressing underlying costs and raising the bar for health outcomes.

GOVERNOR'S BUDGET

The 2019-21 Governor's Budget for OHA totals \$22,048.2 million, which represents a 9.0 percent increase from the 2017-19 Legislatively Approved Budget. The General Fund budget is \$2,441.5 million and represents a 12.8 percent increase from 2017-19. The budget supports 4,297 positions (4,221.17 FTE).

The Governor's plan advances Oregon's success with health care transformation through the following interrelated strategic reforms and investments: helping children achieve their full potential; enhancing the behavioral health system; improving overall health outcomes; and sustaining-extending Oregon's health care model.

Helping Children Achieve their Full Potential

Governor Brown convened her Children's Cabinet in 2017 to create pathways toward prosperity for children and their families. ~~Through~~ As shown in the Cabinet's recommendations and the strategies outlined in the Governor's Health Care and Addictions and Recovery Agendas, health care is at the intersection of children ~~being able to grow-upgrowing up~~ to be successful adults. All children in Oregon currently have access to health care coverage, with children in low-income families covered by Medicaid and the Children's Health Insurance Program (CHIP). But more needs to be done given increasing challenges children and families face.

To address these challenges, the Governor's Budget makes key investments in evidence-based health care solutions that improve the conditions of all Oregonians while creating pathways for resiliency and success.

- Multi-Generational Addictions Treatment - The indiscriminate chronic disease of substance use disorder (SUD) plagues Oregon families from all backgrounds. Parents and caregivers who suffer with SUD expose their children to adverse childhood experiences, thus increasing the probability that kids will suffer from the same chronic illness. To help break the cycle of addiction passed through generations, the Governor's Budget invests \$5 million to expand prenatal and postpartum treatment and support for mothers.
- Intensive In-Home Behavioral Health Services – Due to a lack of intensive community-based services, many Medicaid-eligible youth are referred to residential care instead of receiving treatment in their home community. The creation of new intensive care opportunities in communities will provide alternatives to residential services and help keep families together. The Governor's Budget includes \$19.6 million in state and federal

matching funds to enable coordinated care organizations and providers to deliver such services, which can include individual and family therapy, peer-delivered services, medication management, and 24-hour crisis response.

- ◆ Universal Home Visiting – Home visiting programs are a proven way of creating a safe and healthy environment for children by supporting parents and families with information ~~and care to form~~ information about screenings, referrals, check-ups and other essential information that provide lasting benefits and the foundation for a lifetime of physical and mental well-being. The Governor's Budget recognizes this through an \$8.7 million investment of state and federal funds for a Universal Home Visiting program to complement existing home visiting services by helping families enter into their community system of care. This investment will bring together community partners to improve health outcomes, reduce adverse childhood experiences, decrease rates of maternal mortality, enhance positive parenting behaviors, and put in place a system of preventive care that avoids downstream costs.-
- Regional Assessments – The Governor's Budget includes \$10.4 million to support integrated evaluations and care planning for children and their families. This reflects a new model, with a priority to assist the children who are inappropriately placed in a certain settings, such as temporary lodging or Emergency Department boarding, through evaluation, assessment, and stabilization. On an ongoing basis, these regional programs will be the go-to source when children are “stuck” in an inappropriate placement. Regional Assessment programs may be co-located with short-term stabilization beds to support children when an appropriate placement is not immediately available.
- Reduce Risk Factors for Suicide – Investing in earlier intervention and access to behavioral health services for Oregon's elementary, middle school, and high school students will help them stay in school, improve learning outcomes, graduate, and prevent detrimental behavioral health issues. This is critical in order to stem the rising rate of suicide. To support this goal, the Governor's Budget provides \$13.1 million to implement the priorities in the Youth Suicide Intervention and Prevention Plan, support mental health consultation and treatment in schools, help communities in crisis, and develop a comprehensive adult suicide prevention plan.
- Office of Child Health – OHA currently lacks a defined team ~~able~~ to provide ~~the necessary~~ essential coordination and focus on prenatal and child health initiatives. To remedy this, the Governor's Budget creates the Office of Child Health to enhance OHA's ability to improve long-term health outcomes in Oregon, with a focus on the prenatal through age 5 population.

Improving Health Outcomes

Improving the health status of every Oregonian requires pushing the coordinated care model beyond the success of the past six years by spurring sustainable community innovation, investing in social determinants of health and equity, and strengthening connections to public health, human services, and long-term support.

- ◆ CCO 2.0 – OHA is currently undertaking the significant advancement of the coordinated care system in preparation for a new procurement of coordinated care organizations (CCOs) in 2020. The priorities outlined by the Governor for this endeavor focus on

improving the behavioral health system, increasing value and pay for performance, maintaining sustainable cost growth, and addressing social determinants of health and equity. Increasing strategic spending on social determinants of health, ~~health and equity is particularly critical~~ for reducing disparities faced in Oregon's rural communities, ~~particularly especially~~ in terms of the level of poverty, lack of housing and transportation, and challenges to accessing care in those communities. ~~Meeting the health care needs of Oregon's tribal members is also imperative to ensure community health priorities and investments are appropriately aligned.~~ Overall, Oregon must improve access to health care that is culturally responsive and enhances the social, physical, behavioral and oral health. ~~CCO 2.0 will achieve these goals in part by strengthening meaningful engagement of tribes, diverse Oregon Health Plan members, Community Advisory Councils (CACs) and by increasing the integration and use of Traditional Health Workers (THWs).~~ While many of the investments and reforms included in the Governor's Budget for OHA support this initiative, the budget also includes a \$1.9 million investment necessary for OHA to ~~carry out the immense work and~~ achieve the goals of CCO 2.0.

- **Public Health Modernization** – A healthy population requires a 21st century public health system with the capacity and resilience to provide foundational public health services across the state, such as communicable disease control, chronic disease prevention, and emergency preparedness. Public Health Modernization remains a top priority for the 2019-21 biennium and the Governor builds on the existing \$5 million modernization budget with an additional \$13.6 million investment in 2019-21. A modern public health system ensures foundational public health protections are in place for every person in Oregon, the public health system is prepared and has the right resources to address emerging health threats, and the system is focused on building health equity and eliminating health disparities
- **Housing Support** – Access to safe, quality, and affordable housing—including the support necessary to maintain that housing—represents one of the most critical social determinants of health. Under the Governor's leadership, OHA and Oregon Housing and Community Services are collaborating to create at least 500 new units of permanent supportive housing across Oregon to help the chronically homeless get off the streets and have access to addiction and mental health treatment. The Governor's Budget includes \$4.5 million for OHA to provide behavioral health and other critical support to these individuals as these housing units become available later in the 2019-21 biennium.
- **Tobacco Cessation** – Tobacco remains the number one cause of preventable death and disease in Oregon. About 31 percent of adults on the Oregon Health Plan currently smoke. Most addiction to tobacco starts in adolescence; nine of 10 adults who smoke report that they started smoking before turning 18. **Medical expenses and lost wages resulting from tobacco-related disease and premature death cost Oregon \$2.5 billion each year, or \$1,600 for every Oregon household in our state.** Increasing the price of tobacco products is one of the most effective policy tools to reducing tobacco use, yet Oregon's cigarette tax remains lower than most other states, currently ranking 32nd in the nation, and is far behind neighboring California and Washington, **where cigarette taxes are \$2.87 and \$3.06 per pack respectively.** To reduce the use of tobacco and its outsized consequences on the health of Oregonians, the Governor proposes a \$2.00 per pack increase on the state's existing cigarette tax, extends the existing wholesale tax on other tobacco products to vaping products, and increases other non-cigarette tobacco taxes. Not only will the

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increased cost of these products reduce tobacco use and increase the health of Oregonians, the additional revenue through this proposal will support the Oregon Health Plan. In turn, this investment will help further advance tobacco cessation and improved health outcomes by sustaining health care coverage and the corresponding health services provided.

- **Ending Hepatitis C Infections** – Hepatitis C is one of the most common blood-borne diseases in the United States and also one of the driving causes of liver cancer and liver transplants. Fortunately, new treatments exist to cure infected patients. Although the cost for these treatments continue to decline, they still remain expensively prohibitive. An investment in the 2017-19 biennium enabled OHA to expand Hepatitis C treatment to Oregon Health Plan patients with later stages of the disease. The 2019-21 Governor's Budget increases this investment with an additional \$10.7 million in state and federal resources to ensure treatment is available to Oregon Health Plan members with any stage of the disease and puts the state on track to ~~ending-eradicate~~ the cascading effects of Hepatitis C infections.

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Enhancing the Behavioral Health System

A key strategy to achieving lower costs, better outcomes, and better health is to reduce health care silos. Physical health, mental health, substance use disorder treatment, and oral health services are too often delivered in separate, fragmented ways. By integrating these services and making targeted investments, Oregon can expand access to appropriate treatment at the right time, maximize the opportunity to achieve better health outcomes, and lower costs.

- **Advancing Behavioral Health Integration** – Improving the behavioral health system is one of the Governor's top priorities ~~through-for~~ CCO 2.0. To establish a more connected system, the Governor's Budget provides \$5.9 million to incentivize providers to invest in foundational technology, especially behavioral health electronic health records, help adapt the primary care home model to advance integration within behavioral health settings, and improve access to evidence based pharmaceutical treatments and practice guidelines.
- **Develop Alternatives to Opioids** – As part of the Governor's strategy to address the opioid epidemic, the budget makes further investments to train providers in appropriate opioid prescription practices and alternative approaches to pain management.
- **Community Mental Health Investments** – One of the most critical relationships in Oregon's behavioral health system involves the Oregon State Hospital and community mental health treatment programs. Although a key goal of Oregon's mental health system is to treat patients in communities as opposed to providing institutionalized care, some patients in the criminal justice system ~~must~~ receive stabilization treatment and evaluation in the State Hospital under court orders as a result of their inability to "aid and assist" in their own defense. Due to a prolonged increase in the Aid and Assist population, the State Hospital struggles to accept new patients from the courts in a timely manner as required by statute. This capacity constraint also negatively impacts other types of patients who need hospital level of care and strains communities struggling to appropriately treat these patients.

The Governor's Budget addresses this situation through a multi-faceted strategy. First, the budget supports the opening of a new unit at the State Hospital for 12 months as a stop-gap solution to resolve the immediate capacity needs. Second, her budget invests \$7.6 million to

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increase long-term capacity for intermediate services at the community level. This investment is in addition to \$4.1 million invested in the community mental health system in 2015-17 to increase treatment capacity. The temporary opening of the new unit at the State Hospital and the additional investment in local community treatment capacity complement statutory reforms proposed by the Governor to ensure the State Hospital's costly level of care intended for the hardest to treat patients is not used for patients who commit misdemeanors and would be more appropriately treated in community settings unless evaluated and determined otherwise.

Sustaining Oregon's Health Care Model

One of the predominant challenges facing the Oregon Health Plan continues to be the growth in the level of state funds needed to sustain health care services absent any reforms to program revenue or significant reductions in health care. A significant portion of the program has been supported with revenue no longer available in 2019-21. This challenge is exacerbated by declining support in federal revenue due to decreasing federal matching rates.

The Governor's Budget addresses the challenge of appropriately, sustainably, and equitably funding our health care system by reforming the way in which hospitals, insurers, CCOs, and employers contribute to the system through assessments on their revenue. These reforms reflect that the health system as a whole has fared well through the significant expansion of coverage since 2014, as indicated through increased revenue margins for both hospitals and CCOs.

To address the issue of OHP funding, the Governor convened a workgroup of health care partners to arrive at a consensus-driven plan to secure long-term, sustainable funding for the Oregon Health Plan. The recommended plan includes broad-based sustainable revenue over a six-year timeline. Revenue reforms are not the only critical piece to sustaining the Oregon Health Plan. Without strong cost controls, health care will continue to outstrip the growth of state revenue and personal income. Taken as a whole, the Governor's Budget takes an important step forward in ensuring the Oregon Health Plan is on a sustainable path without sacrificing coverage or the quality of care.

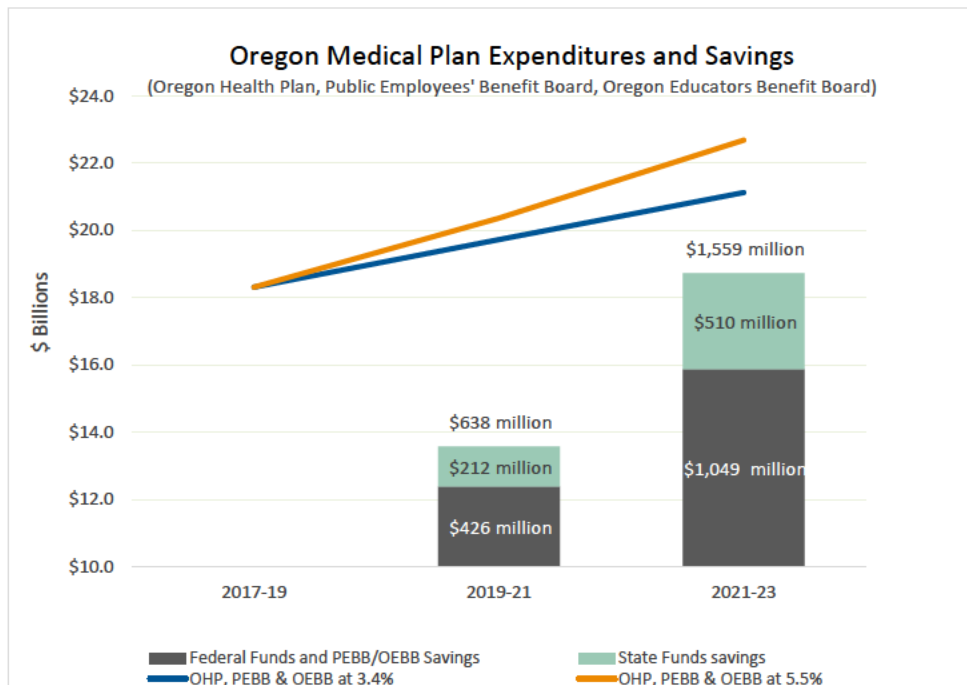
- Hospital Assessment – The budget revises the Hospital Assessment structure to maximize the fully reimbursable hospital assessment from 5.3 percent to 6 percent of net patient revenue for Diagnostic Related Group hospitals.
- Health Insurance, Managed Care, and Stop-Loss Assessments – The budget reinstates the current insurance and managed care tax that expires at the end of 2019 at 2 percent of premiums and broadens the base by including an assessment on stop-loss coverage. This plan not only funds the Oregon Health Plan, but also some of the revenue for the Oregon Reinsurance Program administered by the Department of Consumer and Business Services for the individual market.
- Subsidized Employer Assessment – There are approximately 1 million workers in Oregon employed by firms with 50 or more employees and approximately 25 percent of them are either ineligible for, or not offered health care coverage through, their employers. Many of these employees must therefore obtain health care coverage through the Oregon Health Plan and other publically supported programs. Put differently, public programs that provide affordable health care coverage, such as the Oregon Health Plan, are subsidizing some employers who do not provide health care coverage to low-income workers, or

whose workers cannot afford the coverage they are offered. A new Subsidized Employer Assessment will levy an assessment on employers who do not meet threshold health care contributions on behalf of their workers.

- Tobacco Taxes – As discussed above, the Governor’s Budget increases cigarette taxes by \$2.00 per pack and also extends the existing wholesale tax on “other tobacco products” to e-cigarettes and vaping products. Most of the net proceeds from the additional tobacco tax revenue will help support the Oregon Health Plan and Public Health Modernization.
- Bending the Cost Curve – The Governor’s Budget maintains Oregon’s place as a leader in holding per capita cost growth below national trends. Annual health care ~~spending cost~~ growth for the Oregon Health Plan, PEBB and OEBB remains capped at 3.4 percent per member. When CCOs stay within their budget target, meet their quality goals, and provide required services, they have the flexibility to implement innovative quality improvement programs and invest in health-related services that align with elements of their community plans, such as housing support, food security, and community activities that support a healthy population. With flexible spending investments in community-based social services, and by addressing social determinants of health, CCOs will have tools to focus on a much broader definition of “community health.” Overall, holding CCOs, PEBB, and OEBB to 3.4 percent per capita cost growth results in significant savings to both the state and federal governments. When comparing this rate to projected national annual health care cost increases of 5.5 percent, Oregon’s approach is estimated to save a total of

\$638 million in 2017-19 and \$1,559 million in 2019-21.

In addition to these revenue reforms and on-going efforts to bend the cost curve, the Oregon Health and Sciences University (OHSU) continues to be a strong partner in helping to sustain Oregon's health care system through the intergovernmental transfer (IGT) program established in 2017-19. OHSU, as Oregon's only public academic health center, is a critical part of the safety net for Oregon's most vulnerable population, providing health care services



to a large number of Medicaid members, training Oregon's health care workforce across the state, and engaging in research to improve care and bring significant federal dollars to Oregon. By removing OHSU from the hospital tax in the 2017 legislative session, the state and OHSU have collaborated to increase the amount of funding available for the Medicaid program. This budget reflects an additional \$252 million in state funds, which raises the total state funds to 432 million from the OHSU IGT program for the Medicaid program. The budget reflects providing critical funding for OHSU at 87 percent of cost for the Medicaid members OHSU serves and holds OHSU's unit cost growth to no more than 3.4 percent annually for the Medicaid program.

REVENUE SUMMARY

Approximately 54 percent of OHA's budget is supported with Federal Funds, of which a significant portion represents federal Medicaid dollars matched with state funds. Federal Medicaid reimbursement is based on the Federal Medical Assistance Percentage, and there are

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three key rates determining how much state funding is required to support Medicaid caseload expenditures. Based on recent decreases in these rates, a significant amount of additional state funding is required to support the Oregon Health Plan compared to prior years. Other important federal revenue sources include the Mental Health Services Block Grant, the Substance Abuse Prevention Treatment grant, and various federal grants supporting the Public Health Division and Health Policy and Analytics. General Fund represents 11 percent of the budget, a significant portion of which is used to match federal Medicaid dollars. Important sources of Other Funds used to support the Governor's Budget include revenue from health care providers to support the Oregon Health Plan, tobacco taxes, revenue from the national Tobacco Master Settlement Agreement, and fees related to health care regulatory functions.

AGENCY PROGRAMS

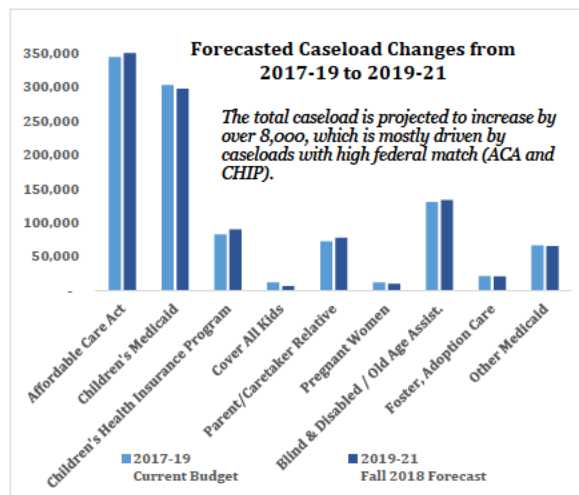
Health Systems Division

The Health Systems Division (HSD) ensures the systematic transformation of health care in Oregon by delivering integrated health care services, strengthening the coordinated care model, and improving health outcomes through administration of the state's Medicaid and non-Medicaid programs.

Medicaid: OHA is the state designated agency responsible for Medicaid, which is jointly funded by states and the federal government. Most of the state's Medicaid coverage is provided through a [managed care delivery system](#) in the Oregon Health Plan, which provides comprehensive physical, behavioral, and oral health care coverage to low-income adults and children. Currently, approximately one million individuals across several caseload categories receive Medicaid coverage in Oregon.

Oregon's health care system has experienced significant changes [in 2012 upon with the creation of Coordinated Care Organizations \(CCOs\), which are accountable for delivering CCOs in 2012 to manage](#) most Oregon Health Plan services. The coordinated care model emphasizes prevention, [team-based, patient-centered care](#), and helping people manage chronic conditions which, in turn, helps reduce unnecessary and expensive medical services and supports healthy living. There are currently 15 CCOs operating in Oregon.

To guide the next five years of coordinated care, OHA is working with the Oregon Health Policy Board (OHPB), policymakers, stakeholders, and Oregon Health Plan members to bring forward new ideas to address the gaps and challenges persisting in Oregon's health care system. This next phase of health care transformation is referred to as "CCO 2.0." OHA's focus on this effort is guided by four priorities identified by the Governor: 1) improve the behavioral health system; 2) increase value and pay for performance; 3) focus on the social determinants of health and



health equity; and 4) maintain sustainable cost growth. The Governor's Health Care Agenda and 2019-21 investment proposals are heavily centered on these priorities.

Non-Medicaid Behavioral Health: The Non-Medicaid Behavioral Health budget supports critical elements in Oregon's community behavioral health system, which serves as a safety net for all Oregonians regardless of health care coverage. A significant portion of non-Medicaid services is provided through community mental health programs and alcohol, drug, and gambling addiction treatment providers. An important focus of the non-Medicaid system is to respond to individual and community crises and meet immediate behavioral health needs. Non-Medicaid funds also support OHP members through the purchase of social support services not included in the Medicaid benefit package, such as early outreach and engagement, peer-based recovery, and housing ~~services~~ ~~supports~~.

The services provided through Non-Medicaid Behavioral Health must be in compliance with an agreement reached with the United States Department of Justice (USDOJ) in 2012. This agreement requires the state to take steps to better provide individuals with serious and persistent mental illness with the critical community services necessary to help them live in the most integrated setting appropriate to their needs and achieve positive outcomes. The budgetary and programmatic decisions for Non-Medicaid Behavioral Health continue to be made in accordance with the objectives of the USDOJ agreement.

The overall Health Systems Division budget, including Medicaid, Non-Medicaid Behavioral Health, and related administration, totals \$16,183.3 million, which represents a 9.3 percent increase from the 2017-19 Legislatively Approved Budget. The recommended General Fund budget is \$1,568.5 million, which represents a 14.1 percent increase from 2017-19. The increased level of funding is primarily a result of many of the Governor's Health Care Agenda investments discussed above. These include the investments for Regional Assessments, Rental Assistance, School-Based Mental Health and Suicide Prevention, Community Mental Health Services, and expanding Hepatitis C treatment. Other key investments in this division include \$6.7 million General Fund to replace OHA's outdated behavioral health data systems and \$9.1 million General Fund to backfill declining Other Funds revenue for Non-Medicaid Behavioral Health.

Health Policy and Analytics

Health Policy and Analytics (HPA) provides policy support, technical assistance, and access to health information statistics and tools to all organizations and providers participating in Oregon's health system transformation. The key functions of HPA are: Health Policy; Clinical Improvement Services; Health Analytics; Health Information Technology; Business Support; and PEBB and OEBB, which are operationally situated in HPA but have separate budget structures. In addition to these functions, the Governor's Budget establishes the Office of Child Health within HPA to enhance OHA's ability to improve long-term health outcomes for the prenatal through age five population. ~~The Office of Child Health will be particularly instrumental in improving OHA's ability to focus on social determinants of health and equity.~~

HPA is largely supported by federal Medicaid dollars matched with General Fund. The program also receives Federal Funds from the Health Resources and Services Administration Primary Care grant, and Health Information Technology Electronic Health Record funds. HPA receives Other Funds revenue from various grants and fees.

The Governor's Budget for HPA totals \$195.3 million, which represents a 6.7 percent increase from the 2017-19 Legislatively Approved Budget. The General Fund budget is \$51.3 million, which represents an 18.2 percent increase from 2017-19. The change in General Fund is largely

due to the Governor's investments in CCO 2.0, the creation of the Office of Child Health, and investment in Intensive In-Home Behavioral Health Services.

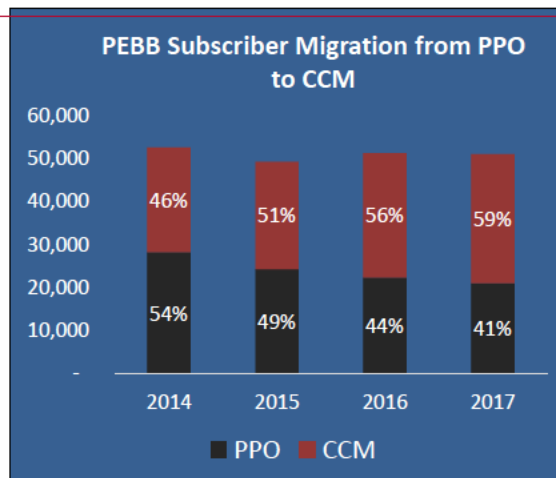
Public Employees' Benefit Board (PEBB)

PEBB designs, contracts for, and administers health plans, group insurance policies, and flexible spending accounts for state and university employees and their dependents, representing nearly 140,000 Oregonians. In 2006, PEBB moved toward self-insurance, which gives the Board more flexibility in plan design to meet specific goals, which contributes to the Board's success in keeping premium increases low. PEBB supports OHA's goal to transform the health care system in Oregon and to fundamentally improve how care is paid for and delivered.

The PEBB budget is funded entirely with Other Funds revenue from premiums collected for all insured individuals, a significant portion of which comes from General Fund resources paid by other state agencies and organizations for their share of premium costs. Consistent with the state's strategy for transforming health care and bending the cost curve, PEBB holds annual growth in per member costs to 3.4 percent. In the 2017 Legislative Session, Senate Bill 1067 codified the parameters around the annual growth rate by requiring PEBB to use methodologies to limit annual self-insured and premium increases to no more than 3.4 percent per member per year starting in plan year 2019 (January 1, 2019). The bill also ties hospital rates paid by PEBB to no more than 200 percent of Medicare rates for in-network hospitals and no more than 185 percent of Medicare rates for out-of-network hospitals.

Similar to the Oregon Health Plan, a key part of PEBB's ongoing strategy to improve health outcomes while bending the cost curve relates to promoting the coordinated care model (CCM) through the use of patient-centered primary care homes. This model focuses on primary care and prevention and has defined quality and access standards. CCM plans provide an opportunity for reducing utilization of unnecessary services, improving coordination of disease management among varying providers, and using innovative reimbursement models. The migration of PEBB members from more expensive Preferred Provider Organization plans to CCM plans has been important in maintaining annual cost growth to no more than 3.4 percent per member per year.

The Governor's Budget for PEBB is \$2,099.7 million, which represents a 6.8 percent increase from the 2017-19 Legislatively Approved Budget. The budget invests funding for PEBB's share of a planning project to replace the legacy benefit management systems of both PEBB and OEGB with a modern solution.



Commented [TE8]: This graph is great.

Oregon Educators Benefit Board (OEBB)

OEBB administers medical, dental, vision, and other benefits for more than 130,000 employees, retirees, and their family members in Oregon's K-12 school districts, education service districts, and community colleges. With the passage of House Bill 2279 (2013), cities, counties and special districts also became eligible to join the OEBB benefits program effective January 2014. OEBB designs and maintains a full range of benefit plans for eligible and participating entities to offer their employees and early retirees. OEBB's goal is to provide high-quality benefits for all eligible employees, early retirees, and their dependents at the lowest possible cost, and to work collaboratively with members, entities and insurance carriers to further advance the triple aim of health care. As with PEBB, Senate Bill 1067 (2017) requires OEBB to use methodologies to limit annual premium increases to no more than 3.4 percent per member per year. Likewise, the bill requires OEBB to tie rates paid to hospital to no more than 200 percent of Medicare rates for in-network hospitals and no more than 185 percent of Medicare rates for out-of-network hospitals.

OEBB has controlled costs by using alternative payment models ([APMs](#)), offering its members a wide-range of plans, and—much like PEBB—encouraging the migration from preferred provider organization plans to coordinated care model plans, which have lower premiums. The OEBB budget is funded entirely by Other Funds revenue from premium payments from members. The Board's operational expenses are funded through an administrative assessment, which cannot exceed 2.0 percent of total monthly premiums. For plan year 2018-2019, the administrative assessment is 1.3 percent.

The Governor's Budget for OEBB is \$1,740.4 million, which represents a 6.8 percent increase from the 2017-19 Legislatively Approved Budget. Similar to PEBB, the budget invests in OEBB's share of the planning project to replace the PEBB and OEBB benefit management systems.

Public Health Division

The Public Health Division promotes health and prevents the leading causes of death, disease and injury in Oregon. Public Health does this by administering a variety of programs addressing behavioral and social drivers of health, and by working to ensure the physical and social environments promote health and make it easier for people to make healthy choices. Oregon's public health system includes federal, state, counties and local agencies, private organizations and other partners. Public Health operates some programs directly and funds and coordinates other programs through 33 local health departments across the state.

By focusing on prevention and emergency preparedness, Oregon's public health system lessens the effect of health threats on people's lives and lowers demand for expensive health care interventions. Oregon is poised to be a leader in leveraging sectors to address social conditions that affect health, such as housing. At the state level of the system, Public Health plays a leadership role with health care transformation.

Public Health is funded primarily through federal funds, including over 120 grants categorically dedicated to specific programs, such as emergency and hospital preparedness, cancer prevention and control, and safe drinking water. Public Health also collects Other Funds through various fee-based programs, including newborn screening tests, licensing of hospital and inpatient care facilities, registration and inspection of x-ray equipment, testing and certification of emergency medical technicians, registration of medical marijuana cardholders, growers and dispensaries, and fees for issuing certified vital records.

The 2019-21 Governor's Budget for Public Health totals \$725.4 million, which represents an 18.6 percent increase from the 2017-19 Legislatively Approved Budget. The General Fund

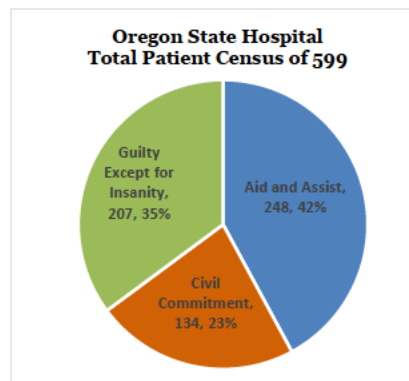
budget is \$83.3 million, which represents a 28.3 percent increase from 2017-19. This increased level of funding reflects the targeted investments made by the Governor for Universal Home Visiting and Public Health Modernization. The budget also supports the purchase of a strategic stockpile of Naloxone to save lives in fighting the opioid epidemic and maintains support for county public health authorities by backfilling decreasing Other Funds revenue with \$5.5 million General Fund.

Commented [TE9]: This isn't any longer correct though, right? Now PH Modernization will be funded through OF?

Oregon State Hospital

The Oregon State Hospital (OSH) is an integral part of the statewide behavioral health system by providing psychiatric care for adults from all 36 counties at OSH's Salem and Junction City campuses. The hospital's primary goal is to help people recover from their mental illness and return to life in their communities. The hospital has gone through significant programmatic changes in the past several years, underscored by the closure of the Blue Mountain Recovery Center in Pendleton and the Portland campus. The two remaining campuses have the maximum capacity to serve up to 766 individuals, with 592 beds in Salem and 174 beds in Junction City. Patients receiving treatment in OSH fall into one of the following three main commitment types:

- Civil Commitment - people who have been found by the court system to be an imminent danger to themselves or others, or who are unable to provide for their own basic health and safety needs due to their mental illness.
- Guilty Except for Insanity – people who committed a crime and are found by a court to be Guilty Except for Insanity. While these patients receive treatment at OSH, they are under the jurisdiction of the Psychiatric Security Review Board.
- Aid and Assist – people who have been arrested but have been found unable to participate in their legal proceedings due to a mental illness and are in need of mental health treatment to help them understand their criminal charges and “aid and assist” in their own defense (often referred to as “.370 patients” due to the corresponding state statutory provision).



OSH's role is to provide services and treatment to individuals in a way to prepare them to return to the community as soon as they are ready. Services include 24-hour on-site nursing, psychiatric, treatment planning, pharmacy, laboratory, food and nutritional services, and vocational and educational services. To ensure only people who need hospital-level care are admitted, a robust array of preventive, treatment, and crisis services must be available in local communities. In addition, to ensure people can be released from the hospital when they are ready, the community behavioral health system must have sufficient capacity to provide services in a variety of integrated and independent settings to meet each individuals' needs. Any restrictions within the community-hospital continuum can result in a backup of the behavioral health system which can reach as far as community hospital emergency departments.

As a result of a prolonged increase in the Aid and Assist population, the Governor's Budget supports the opening of a 25-bed unit at the State Hospital for 12 months as a stop-gap measure to meet statutorily timeliness standards related to court-ordered admissions and ensure these patients receive the treatment they need. As part of this strategy, the Governor's Budget invests

Commented [TE10]: Same question as earlier, is there a reason it doesn't say Junction City?

\$7.6 million General Fund in the Health Systems Division budget to create additional capacity in local communities for intermediate treatment placements. This will enable the new unit to eventually draw down its population, consistent with the Governor's vision of ensuring patients, to the extent possible, receive appropriate treatment in the community.

The 2019-21 Governor's Budget for OSH totals \$608.1 million, which represents an 8.3 percent increase from the 2017-19 Legislatively Approved Budget. The General Fund budget is \$500.8 million, which represents a 7.9 percent increase from 2017-19.

Central Services

Central Services provides the leadership and business support to achieve the agency's mission. This budget structure supports the following functions:

- Director's Office – responsible for the overall leadership, policy development and administrative oversight for the agency. This includes coordination with the Governor's Office, legislature, other state and federal agencies, tribal governments, partners and stakeholders, local governments, advocacy and client groups, and the private sector.
- External Relations – responsible for building strong relationships with the public, media, legislature, and other agencies at the state and federal levels. The division also helps create a broad understanding of the ways in which OHA contributes to the health of Oregonians.
- Agency Operations – provides operational support and human resources services to OHA. The division includes Central Operations and Human Resources.
- Fiscal Operations – provides oversight of financing policies and coordinates budget development and execution for OHA.
- Office of Equity and Inclusion – works on behalf of OHA and the broader health system in the state to ensure the elimination of avoidable health care gaps and to promote optimal health in Oregon for everyone.

Central Services is funded based on a federally approved cost allocation plan where programs are charged for the services they use. The Governor's Budget for Central Services totals \$36.9 million, which represents a 0.6 percent increase from the 2017-19 Legislatively Approved Budget. The General Fund budget is \$28.2 million, which represents a 14.6 percent increase from 2017-19.

Shared Services

Shared Services supports certain business functions for both the Department of Human Services (DHS) and OHA under a joint governance agreement. Shared Services contains the Office of Information Services (OIS) and the Information Security and Privacy Office (ISPO). OIS provides information technology systems and services for nearly 16,000 staff at numerous locations across the state. ISPO provides information security services by using business risk-management practices to protect confidential information and educating staff and agency partners on how to protect this information and report incidents when they occur. The functional scope of this office continues to change with the implementation of Senate Bill 90 (2017), which centralized certain information technology security functions within the Office of the State Chief Information Officer.

Shared Services is funded entirely by Other Funds transferred from different OHA and DHS programs through a federally approved cost allocation plan. The 2019-21 Governor's Budget for Shared Services totals \$176.6 million, which represents a 6.0 percent increase from the 2017-19

Legislatively Approved Budget.

State Assessments and Enterprise-wide Costs

State Assessments and Enterprise-wide Costs (SAEC) is the budget structure for payments to the Department of Administrative Services (DAS) and third parties for goods and services serving the entire agency, such as rent, state data center charges, DAS risk assessment, state government service charges, unemployment assessments, mass transit taxes, computer replacement, and debt service.

SAEC is funded based on cost allocation statistics to determine the distribution of expenditures and the revenue distribution by General Fund, Other Funds, and Federal Funds. The Governor's Budget for SAEC totals \$282.7 million, which represents 3.9 percent increase from the 2017-19 Legislatively Approved Budget. The General Fund budget is \$209.5 million, which represents a 9.2 percent increase from 2017-19.

From: [ROMAN Linda * GOV](#)
To: [EDLUND Tina * GOV](#); [MACDONALD Thomas * DAS](#)
Subject: RE: Full document review
Date: Saturday, November 17, 2018 6:40:53 PM
Attachments: [443_OHA_2019-21 Gov's Budget v3_tde and lr full document edits.docx](#)

Hi Tom, thanks for integrating my past edits! See my V3 edits with Tina's attached.

Linda

Linda Roman, Deputy Healthcare Policy Advisor

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Phone: 503-428-3524

Executive Assistant Coline Benson
Coline.Benson@oregon.gov

From: EDLUND Tina * GOV
Sent: Saturday, November 17, 2018 5:33 PM
To: ROMAN Linda * GOV <Linda.ROMAN@oregon.gov>; MACDONALD Thomas * DAS <Thomas.MACDONALD@oregon.gov>
Subject: RE: Full document review

Linda,
Read the one I just sent so that Tom doesn't have to navigate both our comments. T

From: ROMAN Linda * GOV <Linda.ROMAN@oregon.gov>
Sent: Saturday, November 17, 2018 5:32 PM
To: EDLUND Tina * GOV <Tina.EDLUND@oregon.gov>; MACDONALD Thomas * DAS <Thomas.MACDONALD@oregon.gov>
Subject: RE: Full document review

I am also reading through your new draft Tom! Thanks

Linda Roman, Deputy Healthcare Policy Advisor

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Executive Assistant Coline Benson
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From: EDLUND Tina * GOV
Sent: Saturday, November 17, 2018 5:29 PM
To: MACDONALD Thomas * DAS <Thomas.MACDONALD@oregon.gov>
Cc: ROMAN Linda * GOV <Linda.ROMAN@oregon.gov>
Subject: Full document review

Tom,
See attached.
T

Tina Edlund
Senior Health Policy Advisor
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(971) 209-0604

Oregon Health Authority

General Fund			
Lottery Funds			
Other Funds			
Federal Funds			
Other Funds (Nonlimited)			
Federal Funds (Nonlimited)			
Total Funds			
Positions			
Full-time Equivalent			

OVERVIEW

The Governor's Budget for the Oregon Health Authority (OHA) reinforces the state's commitment to making the health of Oregonians a core foundation of the state while ensuring the health care delivery model remains sustainable during a time of increasing cost pressures and reduced federal funding. The budget helps achieve critical health care outcomes through strategic investments, revenue reforms, and cost savings measures – all while preserving coverage, health care benefits and holding the state's health care programs to high standards.

OHA achieves its mission of helping people and communities reach optimal physical, behavioral, and social well-being through the following health care programs: Oregon Health Plan (OHP), Non-Medicaid Behavioral Health, the Oregon State Hospital, Public Health, Health Policy and Analytics, the Public Employees' Benefit Board (PEBB), and the Oregon Educators Benefit Board (OEBB). The nine-member Oregon Health Policy Board also serves as the policy-making and oversight body for OHA and helps ensure access to quality, affordable health care for all Oregonians.

The OHA budget directly impacts a significant portion of Oregon's population:

- Nearly 1,300,000 individuals receive health care coverage through OHP, PEBB, ~~and or~~ OEBB;
- Over 50,000 individuals receive non-Medicaid behavioral health support and treatment services through local community mental health and substance use disorder programs;
- Approximately 600 individuals receive 24-hour psychiatric care through the Oregon State Hospital system; and,
- Every Oregonian benefits from disease prevention and wellness services provided by the Public Health Division.

There are also more than 115,000 Oregonians who purchase federally-subsidized health care coverage through the state's Health Insurance Marketplace. In 2017, Governor Brown expanded coverage even further by signing Cover All Kids into law, which extended eligibility for medical assistance to all Oregon children residing in families with incomes up to 300 percent of the poverty level. All children in Oregon now have access to quality health care coverage.

Commented [TE1]: Since this is the OHA section of the budget, do you think this belongs?

In less than a decade, Oregon's focus on health care has vastly increased the overall number of Oregonians who have comprehensive coverage—pushing the rate of coverage from 85 percent of all Oregonians in 2011 to 94 percent today. Yet coverage alone is not enough. Meaningful improvement in health requires having the same kind of access to oral health and behavioral health as we have for traditional physical health care services. The state must also continue to improve the affordability and sustainability of our health care system while ensuring Oregonians can be as healthy as possible.

Governor Brown's 2019-21 budget addresses these important issues by taking a multi-biennia approach to ensure our health care programs remain sustainable and implements a robust health care agenda focused on addressing underlying costs and raising the bar for health outcomes.

GOVERNOR'S BUDGET

The 2019-21 Governor's Budget for OHA totals \$22,048.2 million, which represents a 9.0 percent increase from the 2017-19 Legislatively Approved Budget. The General Fund budget is \$2,441.5 million and represents a 12.8 percent increase from 2017-19. The budget supports 4,297 positions (4,221.17 FTE).

The Governor's plan advances Oregon's success with health care transformation through the following interrelated strategic reforms and investments: helping children achieve their full potential; enhancing the behavioral health system; improving overall health outcomes; and sustaining-extending Oregon's health care model.

Helping Children Achieve their Full Potential

Governor Brown convened her Children's Cabinet in 2017 to create pathways toward prosperity for children and their families. ~~Through~~ As shown in the Cabinet's recommendations and the strategies outlined in the Governor's Health Care and Addictions and Recovery Agendas, health care is at the intersection of children ~~being able to grow-upgrowing up~~ to be successful adults. All children in Oregon currently have access to health care coverage, with children in low-income families covered by Medicaid and the Children's Health Insurance Program (CHIP). But more needs to be done given increasing challenges children and families face.

To address these challenges, the Governor's Budget makes key investments in evidence-based health care solutions that improve the conditions of all Oregonians while creating pathways for resiliency and success.

- Multi-Generational Addictions Treatment - The indiscriminate chronic disease of substance use disorder (SUD) plagues Oregon families from all backgrounds. Parents and caregivers who suffer with SUD expose their children to adverse childhood experiences, thus increasing the probability that kids will suffer from the same chronic illness. To help break the cycle of addiction passed through generations, the Governor's Budget invests \$5 million to expand prenatal and postpartum treatment and support for mothers.
- Intensive In-Home Behavioral Health Services – Due to a lack of intensive community-based services, many Medicaid-eligible youth are referred to residential care instead of receiving treatment in their home community. The creation of new intensive care opportunities in communities will provide alternatives to residential services and help keep families together. The Governor's Budget includes \$19.6 million in state and federal

matching funds to enable coordinated care organizations and providers to deliver such services, which can include individual and family therapy, peer-delivered services, medication management, and 24-hour crisis response.

- Universal Home Visiting – Home visiting programs are a proven way of creating a safe and healthy environment for children by supporting parents and families with information ~~and care to form information about screenings, referrals, check-ups and other essential information that provide lasting benefits and~~ the foundation for a lifetime of physical and mental well-being. The Governor's Budget recognizes this through an \$8.7 million investment of state and federal funds for a Universal Home Visiting program to complement existing home visiting services by helping families enter into their community system of care. This investment will bring together community partners to improve health outcomes, reduce adverse childhood experiences, decrease rates of maternal mortality, enhance positive parenting behaviors, and put in place a system of preventive care that avoids downstream costs.
- Regional Assessments – The Governor's Budget includes \$10.4 million to support integrated evaluations and care planning for children and their families. This reflects a new model, with a priority to assist the children who are inappropriately placed in a certain settings, such as temporary lodging or Emergency Department boarding, through evaluation, assessment, and stabilization. On an ongoing basis, these regional programs will be the go-to source when children are "stuck" in an inappropriate placement. Regional Assessment programs may be co-located with short-term stabilization beds to support children when an appropriate placement is not immediately available.
- Reduce Risk Factors for Suicide – Investing in earlier intervention and access to behavioral health services for Oregon's elementary, middle school, and high school students will help them stay in school, improve learning outcomes, graduate, and prevent detrimental behavioral health issues. This is critical in order to stem the rising rate of suicide. To support this goal, the Governor's Budget provides \$13.1 million to implement the priorities in the Youth Suicide Intervention and Prevention Plan, support mental health consultation and treatment in schools, help communities in crisis, and develop a comprehensive adult suicide prevention plan.
- Office of Child Health – OHA currently lacks a defined team ~~able to provide the necessary essential~~ coordination and focus on prenatal and child health initiatives. To remedy this, the Governor's Budget creates the Office of Child Health to enhance OHA's ability to improve long-term health outcomes in Oregon, with a focus on the prenatal through age 5 population.

Improving Health Outcomes

Improving the health status of every Oregonian requires pushing the coordinated care model beyond the success of the past six years by spurring sustainable community innovation, investing in social determinants of health and equity, and strengthening connections to public health, human services, and long-term support.

- CCO 2.0 – OHA is currently undertaking the significant advancement of the coordinated care system in preparation for a new procurement of coordinated care organizations (CCOs) in 2020. The priorities outlined by the Governor for this endeavor focus on

Commented [RL*G2]: Is this what the program has always been called?

improving the behavioral health system, increasing value and pay for performance, maintaining sustainable cost growth, and addressing social determinants of health and equity. Increasing strategic spending on social determinants of health, ~~health and equity is particularly critical~~ for reducing disparities faced in Oregon's rural communities, ~~particularly especially~~ in terms of the level of poverty, lack of housing and transportation, and challenges to accessing care in those communities. ~~Meeting the health care needs of Oregon's tribal members is also imperative to ensure community health priorities and investments are appropriately aligned.~~ Overall, Oregon must improve access to health care that is culturally responsive and enhances the social, physical, behavioral and oral health. ~~CCO 2.0 will achieve these goals in part by strengthening meaningful engagement of tribes, diverse Oregon Health Plan members, Community Advisory Councils (CACs) and by increasing the integration and use of Traditional Health Workers (THWs).~~ While many of the investments and reforms included in the Governor's Budget for OHA support this initiative, the budget also includes a \$1.9 million investment necessary for OHA to ~~carry out the immense work and~~ achieve the goals of CCO 2.0.

- **Public Health Modernization** – A healthy population requires a 21st century public health system with the capacity and resilience to provide foundational public health services across the state, such as communicable disease control, chronic disease prevention, and emergency preparedness. Public Health Modernization remains a top priority for the 2019-21 biennium and the Governor builds on the existing \$5 million modernization budget with an additional \$13.6 million investment in 2019-21. A modern public health system ensures foundational public health protections are in place for every person in Oregon, the public health system is prepared and has the right resources to address emerging health threats, and the system is focused on building health equity and eliminating health disparities.
- **Housing Support** – Access to safe, quality, and affordable housing—including the support necessary to maintain that housing—represents one of the most critical social determinants of health. Under the Governor's leadership, OHA and Oregon Housing and Community Services are collaborating to create at least 500 new units of permanent supportive housing across Oregon to help the chronically homeless get off the streets and have access to addiction and mental health treatment. The Governor's Budget includes \$4.5 million for OHA to provide behavioral health and other critical support to these individuals as these housing units become available later in the 2019-21 biennium.
- **Tobacco Cessation** – Tobacco remains the number one cause of preventable death and disease in Oregon. About 31 percent of adults on the Oregon Health Plan currently smoke. Most addiction to tobacco starts in adolescence; nine of 10 adults who smoke report that they started smoking before turning 18. Medical expenses and lost wages resulting from tobacco-related disease and premature death cost Oregon \$2.5 billion each year, or \$1,600 for every Oregon household in our state. Increasing the price of tobacco products is one of the most effective policy tools to reducing tobacco use, yet Oregon's cigarette tax remains lower than most other states, currently ranking 32nd in the nation, and is far behind neighboring California and Washington, where cigarette taxes are \$2.87 and \$3.06 per pack respectively. To reduce the use of tobacco and its outsized consequences on the health of Oregonians, the Governor proposes a \$2.00 per pack increase on the state's existing cigarette tax, extends the existing wholesale tax on other tobacco products to vaping products, and increases other non-cigarette tobacco taxes. Not only will the

Commented [MT*C3]: <https://www.oregon.gov/oha/PH/PreventionWellness/TobaccoPrevention/Documents/TPEP%20Report%202015%20to%202017.pdf>

Commented [MT*C4]: Tax Policy Center, Urban Institute and Brookings Institute; August 2018

Commented [TE5]: <https://www.tobaccofreekids.org/assets/factsheets/0222.pdf>

increased cost of these products reduce tobacco use and increase the health of Oregonians, the additional revenue through this proposal will support the Oregon Health Plan. In turn, this investment will help further advance tobacco cessation and improved health outcomes by sustaining health care coverage and the corresponding health services provided.

- **Ending Hepatitis C Infections** – Hepatitis C is one of the most common blood-borne diseases in the United States and also one of the driving causes of liver cancer and liver transplants. Fortunately, new treatments exist to cure infected patients. Although the cost for these treatments continue to decline, they still remain expensively prohibitive. An investment in the 2017-19 biennium enabled OHA to expand Hepatitis C treatment to Oregon Health Plan patients with later stages of the disease. The 2019-21 Governor's Budget increases this investment with an additional \$10.7 million in state and federal resources to ensure treatment is available to Oregon Health Plan members with any stage of the disease and puts the state on track to ~~ending-eradicate~~ the cascading effects of Hepatitis C infections.

Commented [TE6]: Wow! \$107m!

Enhancing the Behavioral Health System

A key strategy to achieving lower costs, better outcomes, and better health is to reduce health care silos. Physical health, mental health, substance use disorder treatment, and oral health services are too often delivered in separate, fragmented ways. By integrating these services and making targeted investments, Oregon can expand access to appropriate treatment at the right time, maximize the opportunity to achieve better health outcomes, and lower costs.

- **Advancing Behavioral Health Integration** – Improving the behavioral health system is one of the Governor's top priorities ~~through-for~~ CCO 2.0. To establish a more connected system, the Governor's Budget provides \$5.9 million to incentivize providers to invest in foundational technology, especially behavioral health electronic health records, help adapt the primary care home model to advance integration within behavioral health settings, and improve access to evidence based pharmaceutical treatments and practice guidelines.
- **Develop Alternatives to Opioids** – As part of the Governor's strategy to address the opioid epidemic, the budget makes further investments to train providers in appropriate opioid prescription practices and alternative approaches to pain management.
- **Community Mental Health Investments** – One of the most critical relationships in Oregon's behavioral health system involves the Oregon State Hospital and community mental health treatment programs. Although a key goal of Oregon's mental health system is to treat patients in communities as opposed to providing institutionalized care, some patients in the criminal justice system ~~must~~ receive stabilization treatment and evaluation in the State Hospital under court orders as a result of their inability to "aid and assist" in their own defense. Due to a prolonged increase in the Aid and Assist population, the State Hospital struggles to accept new patients from the courts in a timely manner as required by statute. This capacity constraint also negatively impacts other types of patients who need hospital level of care and strains communities struggling to appropriately treat these patients.

The Governor's Budget addresses this situation through a multi-faceted strategy. First, the budget supports the opening of a new unit at the State Hospital for 12 months as a stop-gap solution to resolve the immediate capacity needs. Second, her budget invests \$7.6 million to

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increase long-term capacity for intermediate services at the community level. This investment is in addition to \$4.1 million invested in the community mental health system in 2015-17 to increase treatment capacity. The temporary opening of the new unit at the State Hospital and the additional investment in local community treatment capacity complement statutory reforms proposed by the Governor to ensure the State Hospital's costly level of care intended for the hardest to treat patients is not used for patients who commit misdemeanors and would be more appropriately treated in community settings unless evaluated and determined otherwise.

Sustaining Oregon's Health Care Model

One of the predominant challenges facing the Oregon Health Plan continues to be the growth in the level of state funds needed to sustain health care services absent any reforms to program revenue or significant reductions in health care. A significant portion of the program has been supported with revenue no longer available in 2019-21. This challenge is exacerbated by declining support in federal revenue due to decreasing federal matching rates.

The Governor's Budget addresses the challenge of appropriately, sustainably, and equitably funding our health care system by reforming the way in which hospitals, insurers, CCOs, and employers contribute to the system through assessments on their revenue. These reforms reflect that the health system as a whole has fared well through the significant expansion of coverage since 2014, as indicated through increased revenue margins for both hospitals and CCOs.

To address the issue of OHP funding, the Governor convened a workgroup of health care partners to arrive at a consensus-driven plan to secure long-term, sustainable funding for the Oregon Health Plan. The recommended plan includes broad-based sustainable revenue over a six-year timeline. Revenue reforms are not the only critical piece to sustaining the Oregon Health Plan. Without strong cost controls, health care will continue to outstrip the growth of state revenue and personal income. Taken as a whole, the Governor's Budget takes an important step forward in ensuring the Oregon Health Plan [continues and](#) is on a sustainable path without sacrificing coverage or the quality of care.

- Hospital Assessment – The budget revises the Hospital Assessment structure to maximize the fully reimbursable hospital assessment from 5.3 percent to 6 percent of net patient revenue for Diagnostic Related Group hospitals.
- Health Insurance, Managed Care, and Stop-Loss Assessments – The budget reinstates the current insurance and managed care tax that expires at the end of 2019 at 2 percent of premiums and broadens the base by including an assessment on stop-loss coverage. This plan not only funds the Oregon Health Plan, but also some of the revenue for the Oregon Reinsurance Program administered by the Department of Consumer and Business Services for the individual market.
- Subsidized Employer Assessment – There are approximately 1 million workers in Oregon employed by firms with 50 or more employees and approximately 25 percent of them are either ineligible for, or not offered health care coverage through, their employers. Many of these employees must therefore obtain health care coverage through the Oregon Health Plan and other publically supported programs. Put differently, public programs that provide affordable health care coverage, such as the Oregon Health Plan, are subsidizing some employers who do not provide health care coverage to low-income workers, or

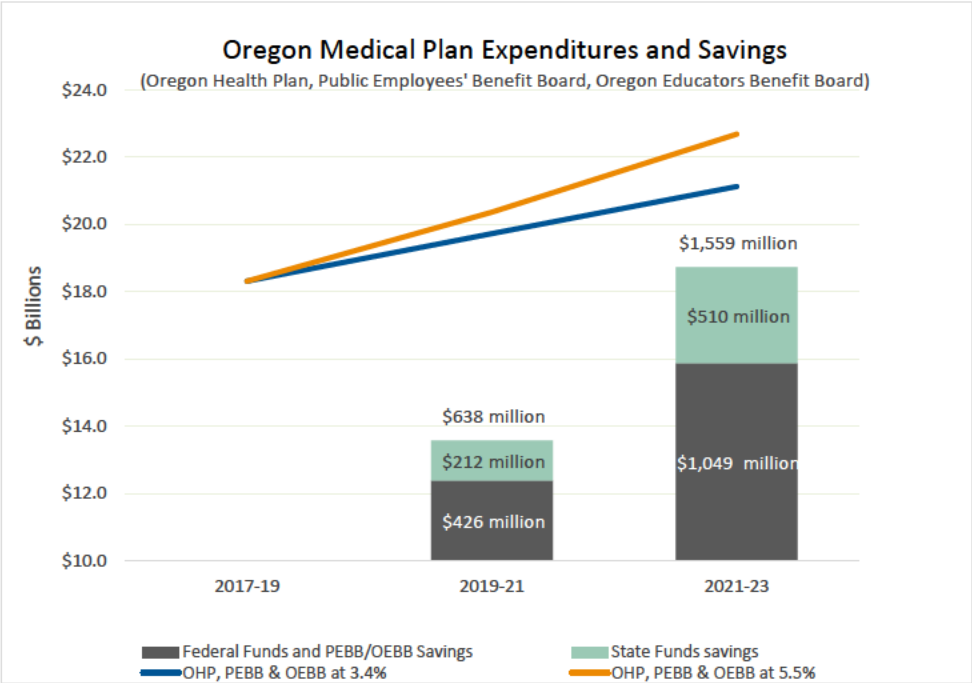
whose workers cannot afford the coverage they are offered. A new Subsidized Employer Assessment will levy an assessment on employers who do not meet threshold health care contributions on behalf of their workers.

- Tobacco Taxes – As discussed above, the Governor’s Budget increases cigarette taxes by \$2.00 per pack and also extends the existing wholesale tax on “other tobacco products” to e-cigarettes and vaping products. Most of the Net proceeds from the additional tobacco tax revenue will help support the Oregon Health Plan and Public Health Modernization.
- Bending the Cost Curve – The Governor’s Budget maintains Oregon’s place as a leader in holding per capita cost growth below national trends. Annual health care spending-cost growth for the Oregon Health Plan, PEBB, and OEBB remains capped at 3.4 percent per member. When CCOs stay within their budget target, meet their quality goals, and provide required services, they have the flexibility to implement innovative quality improvement programs. Flexibility allows CCOs to and invest in health-related services that align with elements of their community plans, such as housing support, food security, and community activities that support a healthy population. With flexible spending investments in community-based social services, and by addressing social determinants of health, CCOs will have tools to focus on a much broader definition of “community health.” Overall, holding CCOs, PEBB, and OEBB to 3.4 percent per capita cost growth results in significant savings to both the state and federal governments. When comparing this rate to projected national annual health care cost increases of 5.5 percent, Oregon’s approach is

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estimated to save a total of \$638 million in 2017-19 and \$1,559 million in 2019-21.

In addition to these revenue reforms and on-going efforts to bend the cost curve, the Oregon Health and Sciences University (OHSU) continues to be a strong partner in helping to sustain Oregon’s health care system through the intergovernmental transfer (IGT) program established in 2017-19. OHSU, as Oregon’s only public academic health center, is a critical part of the safety net for Oregon’s most vulnerable population, providing health care services



to a large number of Medicaid members, training Oregon’s health care workforce across the state, and engaging in research to improve care and bring significant federal dollars to Oregon. By removing OHSU from the hospital tax in the 2017 legislative session, the state and OHSU have collaborated to increase the amount of funding available for the Medicaid program. This budget reflects an additional \$252 million in state funds, which raises the total state funds to 432 million from the OHSU IGT program for the Medicaid program. The budget reflects providing critical funding for OHSU at 87 percent of cost for the Medicaid members OHSU serves and holds OHSU’s unit cost growth to no more than 3.4 percent annually for the Medicaid program.

REVENUE SUMMARY

Approximately 54 percent of OHA’s budget is supported with Federal Funds, of which a significant portion represents federal Medicaid dollars matched with state funds. Federal Medicaid reimbursement is based on the Federal Medical Assistance Percentage, and there are

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three key rates determining how much state funding is required to support Medicaid caseload expenditures. Based on recent decreases in these rates, a significant amount of additional state funding is required to support the Oregon Health Plan compared to prior years. Other important federal revenue sources include the Mental Health Services Block Grant, the Substance Abuse Prevention Treatment grant, and various federal grants supporting the Public Health Division and Health Policy and Analytics. General Fund represents 11 percent of the budget, a significant portion of which is used to match federal Medicaid dollars. Important sources of Other Funds used to support the Governor's Budget include revenue from health care providers to support the Oregon Health Plan, tobacco taxes, revenue from the national Tobacco Master Settlement Agreement, and fees related to health care regulatory functions.

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AGENCY PROGRAMS

Health Systems Division

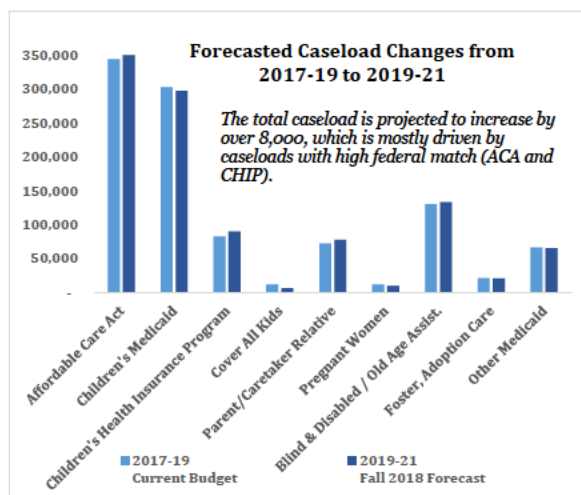
The Health Systems Division (HSD) ensures the systematic transformation of health care in Oregon by delivering integrated health care services, strengthening the coordinated care model, and improving health outcomes through administration of the state's Medicaid and non-Medicaid programs.

Medicaid: OHA is the state designated agency responsible for Medicaid, which is jointly funded by states and the federal government. Most of the state's Medicaid coverage is provided through a managed care delivery system in the Oregon Health Plan, which provides comprehensive physical, behavioral, and oral health care coverage to low-income adults and children. Currently, approximately one million individuals across several caseload categories receive Medicaid coverage in Oregon.

Oregon's health care system has experienced significant changes in 2012 upon with the creation of Coordinated Care Organizations (CCOs), which are accountable for delivering CCOs in 2012 to manage

most Oregon Health Plan services. The coordinated care model emphasizes prevention, team-based, patient-centered care, and helping people manage chronic conditions which, in turn, helps reduce unnecessary and expensive medical services and supports healthy living. There are currently 15 CCOs operating in Oregon.

To guide the next five years of coordinated care, OHA is working with the Oregon Health Policy Board (OHPB), policymakers, stakeholders, and Oregon Health Plan members to bring forward new ideas to address the gaps and challenges persisting in Oregon's health care system. This next phase of health care transformation is referred to as "CCO 2.0." OHA's focus on this effort is guided by four priorities identified by the Governor: 1) improve the behavioral health system; 2) increase value and pay for performance; 3) focus on the social determinants of health and



health equity; and 4) maintain sustainable cost growth. The Governor's Health Care Agenda and 2019-21 investment proposals are heavily centered on these priorities.

Non-Medicaid Behavioral Health: The Non-Medicaid Behavioral Health budget supports critical elements in Oregon's community behavioral health system, which serves as a safety net for all Oregonians regardless of health care coverage. A significant portion of non-Medicaid services is provided through community mental health programs and alcohol, drug, and gambling addiction treatment providers. An important focus of the non-Medicaid system is to respond to individual and community crises and meet immediate behavioral health needs. Non-Medicaid funds also support OHP members through the purchase of social support services not included in the Medicaid benefit package, such as early outreach and engagement, peer-based recovery, and housing ~~services~~**supports**.

The services provided through Non-Medicaid Behavioral Health must be in compliance with an agreement reached with the United States Department of Justice (USDOJ) in 2012. This agreement requires the state to take steps to better provide individuals with serious and persistent mental illness with the critical community services necessary to help them live in the most integrated setting appropriate to their needs and achieve positive outcomes. The budgetary and programmatic decisions for Non-Medicaid Behavioral Health continue to be made in accordance with the objectives of the USDOJ agreement.

The overall Health Systems Division budget, including Medicaid, Non-Medicaid Behavioral Health, and related administration, totals \$16,183.3 million, which represents a 9.3 percent increase from the 2017-19 Legislatively Approved Budget. The recommended General Fund budget is \$1,568.5 million, which represents a 14.1 percent increase from 2017-19. The increased level of funding is primarily a result of many of the Governor's Health Care Agenda investments discussed above. These include the investments for Regional Assessments, Rental Assistance, School-Based Mental Health and Suicide Prevention, Community Mental Health Services, and expanding Hepatitis C treatment. Other key investments in this division include \$6.7 million General Fund to replace OHA's outdated behavioral health data systems and \$9.1 million General Fund to backfill declining Other Funds revenue for Non-Medicaid Behavioral Health.

Health Policy and Analytics

Health Policy and Analytics (HPA) provides policy support, technical assistance, and access to health information statistics and tools to all organizations and providers participating in Oregon's health system transformation. The key functions of HPA are: Health Policy; Clinical Improvement Services; Health Analytics; Health Information Technology; Business Support; and PEBB and OEBB, which are operationally situated in HPA but have separate budget structures. In addition to these functions, the Governor's Budget establishes the Office of Child Health within HPA to enhance OHA's ability to improve long-term health outcomes for the prenatal through age five population. ~~The Office of Child Health will be particularly instrumental in improving OHA's ability to focus on social determinants of health and equity.~~

HPA is largely supported by federal Medicaid dollars matched with General Fund. The program also receives Federal Funds from the Health Resources and Services Administration Primary Care grant, and Health Information Technology Electronic Health Record funds. HPA receives Other Funds revenue from various grants and fees.

The Governor's Budget for HPA totals \$195.3 million, which represents a 6.7 percent increase from the 2017-19 Legislatively Approved Budget. The General Fund budget is \$51.3 million, which represents an 18.2 percent increase from 2017-19. The change in General Fund is largely

due to the Governor's investments in CCO 2.0, the creation of the Office of Child Health, and investment in Intensive In-Home Behavioral Health Services.

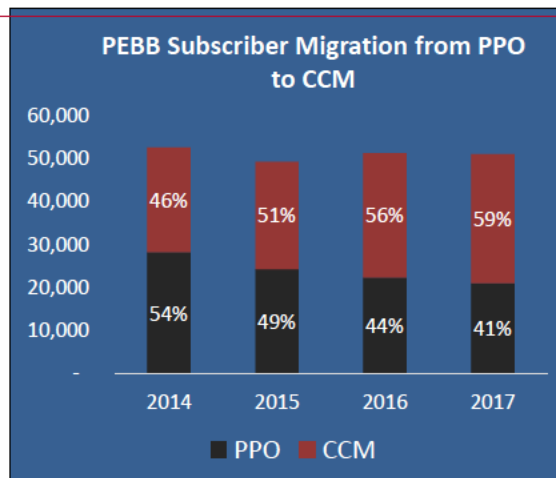
Public Employees' Benefit Board (PEBB)

PEBB designs, contracts for, and administers health plans, group insurance policies, and flexible spending accounts for state and university employees and their dependents, representing nearly 140,000 Oregonians. In 2006, PEBB moved toward self-insurance, which gives the Board more flexibility in plan design to meet specific goals, which contributes to the Board's success in keeping premium increases low. PEBB supports OHA's goal to transform the health care system in Oregon and to fundamentally improve how care is paid for and delivered.

The PEBB budget is funded entirely with Other Funds revenue from premiums collected for all insured individuals, a significant portion of which comes from General Fund resources paid by other state agencies and organizations for their share of premium costs. Consistent with the state's strategy for transforming health care and bending the cost curve, PEBB holds annual growth in per member costs to 3.4 percent. In the 2017 Legislative Session, Senate Bill 1067 codified the parameters around the annual growth rate by requiring PEBB to use methodologies to limit annual self-insured and premium increases to no more than 3.4 percent per member per year starting in plan year 2019 (January 1, 2019). The bill also ties hospital rates paid by PEBB to no more than 200 percent of Medicare rates for in-network hospitals and no more than 185 percent of Medicare rates for out-of-network hospitals.

Similar to the Oregon Health Plan, a key part of PEBB's ongoing strategy to improve health outcomes while bending the cost curve relates to promoting the coordinated care model (CCM) through the use of patient-centered primary care homes. This model focuses on primary care and prevention and has defined quality and access standards. CCM plans provide an opportunity for reducing utilization of unnecessary services, improving coordination of disease management among varying providers, and using innovative reimbursement models. The migration of PEBB members from more expensive Preferred Provider Organization plans to CCM plans has been important in maintaining annual cost growth to no more than 3.4 percent per member per year.

The Governor's Budget for PEBB is \$2,099.7 million, which represents a 6.8 percent increase from the 2017-19 Legislatively Approved Budget. The budget invests funding for PEBB's share of a planning project to replace the legacy benefit management systems of both PEBB and OEGB with a modern solution.



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Oregon Educators Benefit Board (OEBB)

OEBB administers medical, dental, vision, and other benefits for more than 130,000 employees, retirees, and their family members in Oregon's K-12 school districts, education service districts, and community colleges. With the passage of House Bill 2279 (2013), cities, counties and special districts also became eligible to join the OEBB benefits program effective January 2014. OEBB designs and maintains a full range of benefit plans for eligible and participating entities to offer their employees and early retirees. OEBB's goal is to provide high-quality benefits for all eligible employees, early retirees, and their dependents at the lowest possible cost, and to work collaboratively with members, entities and insurance carriers to further advance the triple aim of health care. As with PEBB, Senate Bill 1067 (2017) requires OEBB to use methodologies to limit annual premium increases to no more than 3.4 percent per member per year. Likewise, the bill requires OEBB to tie rates paid to hospital to no more than 200 percent of Medicare rates for in-network hospitals and no more than 185 percent of Medicare rates for out-of-network hospitals.

OEBB has controlled costs by using alternative payment models (APMs), offering its members a wide-range of plans, and—much like PEBB—encouraging the migration from preferred provider organization plans to coordinated care model plans, which have lower premiums. The OEBB budget is funded entirely by Other Funds revenue from premium payments from members. The Board's operational expenses are funded through an administrative assessment, which cannot exceed 2.0 percent of total monthly premiums. For plan year 2018-2019, the administrative assessment is 1.3 percent.

The Governor's Budget for OEBB is \$1,740.4 million, which represents a 6.8 percent increase from the 2017-19 Legislatively Approved Budget. Similar to PEBB, the budget invests in OEBB's share of the planning project to replace the PEBB and OEBB benefit management systems.

Public Health Division

The Public Health Division promotes health and prevents the leading causes of death, disease and injury in Oregon. Public Health does this by administering a variety of programs addressing behavioral and social drivers of health, and by working to ensure the physical and social environments promote health and make it easier for people to make healthy choices. Oregon's public health system includes federal, state, counties and local agencies, private organizations and other partners. Public Health operates some programs directly and funds and coordinates other programs through 33 local health departments across the state.

By focusing on prevention and emergency preparedness, Oregon's public health system lessens the effect of health threats on people's lives and lowers demand for ~~expensive~~ costly health care interventions. Oregon is poised to be a leader in leveraging sectors to address social conditions that affect health, such as housing. At the state level of the system, Public Health plays a leadership role with health care transformation.

Public Health is funded primarily through federal funds, including over 120 grants categorically dedicated to specific programs, such as emergency and hospital preparedness, cancer prevention and control, and safe drinking water. Public Health also collects Other Funds through various fee-based programs, including newborn screening tests, licensing of hospital and inpatient care facilities, registration and inspection of x-ray equipment, testing and certification of emergency medical technicians, registration of medical marijuana cardholders, growers and dispensaries, and fees for issuing certified vital records.

The 2019-21 Governor's Budget for Public Health totals \$725.4 million, which represents an 18.6 percent increase from the 2017-19 Legislatively Approved Budget. The General Fund

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budget is \$83.3 million, which represents a 28.3 percent increase from 2017-19. This increased level of funding reflects the targeted investments made by the Governor for Universal Home Visiting and Public Health Modernization. The budget also supports the purchase of a strategic stockpile of Naloxone to save lives in fighting the opioid epidemic and maintains support for county public health authorities by backfilling decreasing Other Funds revenue with \$5.5 million General Fund.

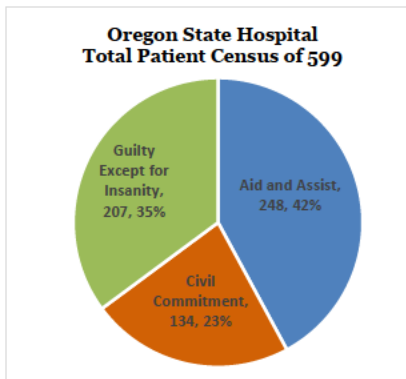
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Oregon State Hospital

The Oregon State Hospital (OSH) is an integral part of the statewide behavioral health system by providing psychiatric care for adults from all 36 counties at OSH's Salem and Junction City campuses. The hospital's primary goal is to help people recover from their mental illness and return to life in their communities. The hospital has gone through significant programmatic changes in the past several years, underscored by the closure of the Blue Mountain Recovery Center in Pendleton and the Portland campus. The two remaining campuses have the maximum capacity to serve up to 766 individuals, with 592 beds in Salem and 174 beds in Junction City. Patients receiving treatment in OSH fall into one of the following three main commitment types:

- Civil Commitment - people who have been found by the court system to be an imminent danger to themselves or others, or who are unable to provide for their own basic health and safety needs due to their mental illness.
- Guilty Except for Insanity – people who committed a crime and are found by a court to be Guilty Except for Insanity. While these patients receive treatment at OSH, they are under the jurisdiction of the Psychiatric Security Review Board.
- Aid and Assist – people who have been arrested but have been found unable to participate in their legal proceedings due to a mental illness and are in need of mental health treatment to help them understand their criminal charges and “aid and assist” in their own defense (often referred to as “.370 patients” due to the corresponding state statutory provision).



OSH's role is to provide services and treatment to individuals in a way to prepare them to return to the community as soon as they are ready. Services include 24-hour on-site nursing, psychiatric, treatment planning, pharmacy, laboratory, food and nutritional services, and vocational and educational services. To ensure only people who need hospital-level care are admitted, a robust array of preventive, treatment, and crisis services must be available in local communities. In addition, to ensure people can be released from the hospital when they are ready, the community behavioral health system must have sufficient capacity to provide services in a variety of integrated and independent settings to meet each individuals' needs. Any restrictions within the community-hospital continuum can result in a backup of the behavioral health system which can reach as far as community hospital emergency departments.

As a result of a prolonged increase in the Aid and Assist population, the Governor's Budget supports the opening of a 25-bed unit at the State Hospital for 12 months as a stop-gap measure to meet statutorily timeliness standards related to court-ordered admissions and ensure these patients receive the treatment they need. As part of this strategy, the Governor's Budget invests

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\$7.6 million General Fund in the Health Systems Division budget to create additional capacity in local communities for intermediate treatment placements. This will enable the new unit to eventually draw down its population, consistent with the Governor's vision of ensuring patients, to the extent possible, receive appropriate treatment in the community.

The 2019-21 Governor's Budget for OSH totals \$608.1 million, which represents an 8.3 percent increase from the 2017-19 Legislatively Approved Budget. The General Fund budget is \$500.8 million, which represents a 7.9 percent increase from 2017-19.

Central Services

Central Services provides the leadership and business support to achieve the agency's mission. This budget structure supports the following functions:

- Director's Office – responsible for the overall leadership, policy development and administrative oversight for the agency. This includes coordination with the Governor's Office, legislature, other state and federal agencies, tribal governments, partners and stakeholders, local governments, advocacy and client groups, and the private sector.
- External Relations – responsible for building strong relationships with the public, media, legislature, and other agencies at the state and federal levels. The division also helps create a broad understanding of the ways in which OHA contributes to the health of Oregonians.
- Agency Operations – provides operational support and human resources services to OHA. The division includes Central Operations and Human Resources.
- Fiscal Operations – provides oversight of financing policies and coordinates budget development and execution for OHA.
- Office of Equity and Inclusion – works on behalf of OHA and the broader health system in the state to ensure the elimination of avoidable health care gaps, [protect civil rights including language access and access for people with disabilities, investigate and provide expertise to address discrimination and harassment](#) and to promote optimal health in Oregon for everyone.

Central Services is funded based on a federally approved cost allocation plan where programs are charged for the services they use. The Governor's Budget for Central Services totals \$36.9 million, which represents a 0.6 percent increase from the 2017-19 Legislatively Approved Budget. The General Fund budget is \$28.2 million, which represents a 14.6 percent increase from 2017-19.

Shared Services

Shared Services supports certain business functions for both the Department of Human Services (DHS) and OHA under a joint governance agreement. Shared Services contains the Office of Information Services (OIS) and the Information Security and Privacy Office (ISPO). OIS provides information technology systems and services for nearly 16,000 staff at numerous locations across the state. ISPO provides information security services by using business risk-management practices to protect confidential information and educating staff and agency partners on how to protect this information and report incidents when they occur. The functional scope of this office continues to change with the implementation of Senate Bill 90 (2017), which centralized certain information technology security functions within the Office of the State Chief Information Officer.

Shared Services is funded entirely by Other Funds transferred from different OHA and DHS

programs through a federally approved cost allocation plan. The 2019-21 Governor's Budget for Shared Services totals \$176.6 million, which represents a 6.0 percent increase from the 2017-19 Legislatively Approved Budget.

State Assessments and Enterprise-wide Costs

State Assessments and Enterprise-wide Costs (SAEC) is the budget structure for payments to the Department of Administrative Services (DAS) and third parties for goods and services serving the entire agency, such as rent, state data center charges, DAS risk assessment, state government service charges, unemployment assessments, mass transit taxes, computer replacement, and debt service.

SAEC is funded based on cost allocation statistics to determine the distribution of expenditures and the revenue distribution by General Fund, Other Funds, and Federal Funds. The Governor's Budget for SAEC totals \$282.7 million, which represents 3.9 percent increase from the 2017-19 Legislatively Approved Budget. The General Fund budget is \$209.5 million, which represents a 9.2 percent increase from 2017-19.

From: [NASS Kate * DAS](#)
To: [BLOSSER Nik * GOV](#); [KORESKE Debbie * GOV](#); [EDLUND Tina * GOV](#); [PAIR Chris * GOV](#); [ROMAN Linda * GOV](#)
Cc: [NAUGHTON George M * DAS](#); [KEITH Kristin * DAS](#); [LESLIE Berri * GOV](#)
Subject: REVIEW NEEDED: OHA Agency Narrative
Date: Sunday, November 18, 2018 7:38:21 PM
Attachments: [443_OHA ITID.DOCX](#)

Happy Sunday (evening),

Attached is the draft agency narrative for OHA. I know Tina and Linda worked on this quite a bit but we had to reduce it a bit to keep to page limits. Please review and make any edits in tracked changes by 9:00 today. Good news, you don't have to worry about formatting, once all narratives are final, we will take care of formatting for the whole document.

Let me know if you have questions or concerns.

Thanks,
k

Kate Nass
Deputy Chief Financial Officer
Office: 503.378.5442 | Mobile: 503.871.0974

Oregon Health Authority

	2015-17 Actuals	2017-19 Leg Approved Budget	2019-21 Governor's Budget
General Fund	\$2,152,357,931	\$2,163,688,359	\$2,441,537,660
Lottery Funds	11,113,255	12,498,909	12,925,769
Other Funds	5,683,251,462	6,731,665,968	7,726,255,646
Federal Funds	11,189,125,905	11,157,169,693	11,721,326,187
Other Funds (Nonlimited)	212,475,263	40,000,000	40,000,000
Federal Funds (Nonlimited)	85,956,641	106,448,361	106,196,261
Total Funds	\$19,334,280,457	\$20,211,471,290	\$22,048,241,523
Positions	4,450	4,181	4,297
Full-time Equivalent	4,394.40	4,276.04	4,221.17

OVERVIEW

The Governor's Budget for the Oregon Health Authority (OHA) reinforces the state's commitment to making the health of Oregonians a core foundation of the state while ensuring the health care delivery model remains sustainable during a time of increasing cost pressures and reduced federal funding. The budget helps achieve critical health care outcomes through strategic investments, revenue reforms and cost savings measures—all while preserving health care benefits and holding the state's health care programs to high standards.

OHA achieves its mission of helping people and communities reach optimal physical, behavioral and social well-being through the following health care programs: the Oregon Health Plan, Non-Medicaid Behavioral Health, the Oregon State Hospital, Public Health, Health Policy and Analytics, the Public Employees' Benefit Board (PEBB), and the Oregon Educators Benefit Board (OEBB).

The OHA budget directly impacts a significant portion of Oregon's population:

- Nearly 1,300,000 individuals receive health care coverage through the Oregon Health Plan, PEBB and OEBB;
- Over 50,000 individuals receive behavioral health support and treatment services through local community mental health and substance use disorder programs;
- Approximately 600 individuals receive 24-hour psychiatric care through the Oregon State Hospital system; and
- Every Oregonian benefits from disease prevention and wellness services provided by the Public Health Division.

In 2017, Governor Brown expanded coverage even further by signing Cover All Kids into law, which extended eligibility for medical assistance to all Oregon children residing in families with

incomes up to 300 percent of the poverty level.

In less than a decade, Oregon's focus on health care has vastly increased the overall number of Oregonians who have comprehensive coverage—pushing the rate of coverage from 85 percent of all Oregonians in 2011 to 94 percent today. Yet coverage alone is not enough. Meaningful improvement in health requires having the same kind of access to oral health and behavioral health as for traditional physical health care services. The state must also continue to improve the affordability and sustainability of our health care system while ensuring Oregonians can be as healthy as possible.

Governor Brown's 2019-21 budget addresses these important issues by taking a multi-biennia approach to ensure our health care programs remain sustainable and implements a robust health care agenda focused on addressing underlying costs and raising the bar for health outcomes.

GOVERNOR'S BUDGET

The 2019-21 Governor's Budget for OHA totals \$22,048.2 million, which represents a 9.0 percent increase from the 2017-19 Legislatively Approved Budget. The General Fund budget is \$2,441.5 million and represents a 12.8 percent increase from 2017-19. The budget supports 4,297 positions.

The Governor's plan advances Oregon's success with health care transformation through the following interrelated strategies: helping children achieve their full potential; enhancing the behavioral health system; improving overall health outcomes; and extending Oregon's health care model.

Helping Children Achieve their Full Potential

As shown in recommendations by the Children's Cabinet and the strategies outlined in the Governor's Health Care and Addictions and Recovery Agendas, health care is at the intersection of children growing up to be successful adults. To address the increasing challenges faced by children and families, the Governor's Budget makes key investments in evidence-based health care solutions that improve the conditions of all Oregonians while creating pathways for resiliency and success.

- **Multi-Generational Addictions Treatment** - To help break the cycle of addiction passed through generations, the Governor's Budget invests \$5 million to expand prenatal and postpartum treatment and support for mothers.
- **Intensive In-Home Behavioral Health Services** – Due to a lack of intensive community-based services, many Medicaid-eligible youth are referred to residential care instead of receiving treatment in their home community. The Governor's Budget includes \$19.6 million to enable coordinated care organizations and providers to deliver these services in the community and help families stay together.
- **Universal Home Visiting** – Home visiting programs are a proven way of creating a safe and healthy environment for children by supporting parents and families with information and services that provide the foundation for a lifetime of physical and mental well-being.

The Governor's Budget recognizes this through an \$8.7 million investment for a Universal Home Visiting program to complement existing home visiting services by helping families enter into their community system of care.

- Regional Assessments – The Governor's Budget includes \$10.4 million to support integrated evaluations and care planning for children and their families. This reflects a new model, with a priority to assist the children who are inappropriately placed in certain settings, such as temporary lodging or emergency department boarding, through evaluation, assessment and stabilization.
- Reduce Risk Factors for Suicide – To stem the rising rate of suicide, the Governor's Budget provides \$13.1 million to implement the early intervention priorities in the Youth Suicide Intervention and Prevention Plan, support mental health services in schools, help communities in crisis and develop a comprehensive adult suicide prevention plan.
- Office of Child Health – OHA currently lacks a defined team to provide essential coordination and focus on prenatal and child health initiatives. To remedy this, the Governor's Budget creates the Office of Child Health to enhance OHA's ability to improve health outcomes, with a focus on the prenatal through age five population.

Improving Health Outcomes

Improving the health status of every Oregonian requires pushing the coordinated care model beyond the success of the past six years by spurring sustainable community innovation, investing in social determinants of health and equity, and strengthening connections to public health, human services and long-term support.

- CCO 2.0 – OHA is currently undertaking a significant advancement of the coordinated care system in preparation for a new procurement of coordinated care organizations (CCOs) in 2020. This next phase of health care transformation is referred to as "CCO 2.0." The priorities outlined by the Governor for this endeavor focus on improving the behavioral health system, increasing value and pay for performance, maintaining sustainable cost growth and addressing social determinants of health and equity. While many of the investments included in the Governor's Budget for OHA support this initiative, the budget also includes a \$1.9 million for OHA to achieve the goals of CCO 2.0.
- Public Health Modernization – Public Health Modernization remains a top priority and the Governor builds on the existing \$5 million modernization budget with an additional \$13.6 million in the 2019-21 biennium. A modern public health system ensures foundational public health protections are in place for every person in Oregon, the public health system is prepared to address emerging health threats, and eliminates health disparities.
- Housing Support – Access to safe, quality and affordable housing—including the support necessary to maintain that housing—represents one of the most critical social determinants of health. Under the Governor's leadership, OHA and Oregon Housing and Community Services are collaborating to create 500 new units of permanent supportive

housing across Oregon. The Governor's Budget includes \$4.5 million for OHA to provide behavioral health and other critical supports to these individuals as these housing units become available later in the 2019-21 biennium.

- Tobacco Cessation – Tobacco use remains the number one cause of preventable death and disease in Oregon. Increasing the price of tobacco products is one of the most effective policy tools to reducing tobacco use, yet Oregon's cigarette tax remains lower than most other states, currently ranking 32nd in the nation, and is far behind neighboring California and Washington. To reduce the use of tobacco and its enormous consequences, the Governor proposes a \$2.00 per pack increase on the state's cigarette tax, extends the existing wholesale tax on other tobacco products to vaping products and increases other non-cigarette tobacco taxes. Not only will the increased cost of these products reduce tobacco use and increase the health of Oregonians, the additional revenue through this proposal will support the Oregon Health Plan and Public Health Modernization.
- Ending Hepatitis C Infections – New treatments exist to cure individuals living with Hepatitis C. An investment in the 2017-19 biennium enabled OHA to expand treatment to Oregon Health Plan patients with later stages of the disease. The Governor's Budget increases this investment with an additional \$10 million General Fund to ensure treatment is available to Oregon Health Plan members with any stage of the disease and puts the state on track to eradicate the cascading effects of Hepatitis C infections.

Enhancing the Behavioral Health System

Physical health, behavioral health, and oral health services are too often delivered in separate, fragmented ways. By integrating these services and making targeted investments, Oregon can expand access to appropriate treatment at the right time, maximize the opportunity to achieve better health outcomes and lower costs.

- Advancing Behavioral Health Integration – To establish a more connected system, the Governor's Budget provides \$5.9 million to incentivize providers to invest in foundational technology, help adapt the primary care home model within behavioral health settings, and improve access to evidence based pharmaceutical treatments. The budget also invests \$2.4 million to support efficient forms of connecting with doctors and treatments, such as telehealth, which is important for improving access in Oregon's rural communities.
- Oregon State Hospital and Community Mental Health – The Oregon State Hospital currently does not have the capacity to accept and treat the number of Aid and Assist patients sent to the hospital under court orders. This constraint also negatively impacts other types of patients who need hospital level of care and impairs communities struggling to find appropriate placements for care. The Governor's Budget addresses this situation through the following multi-faceted strategy: 1) opening a new unit at the State Hospital Junction City campus for 12 months as a stop-gap solution to resolve the immediate capacity needs; 2) investing \$7.6 million to increase capacity at the community level; and 3) proposing statutory reforms to ensure the State Hospital's costly level of care intended for the hardest to treat patients is not used for patients who would be more appropriately treated in community settings.

- Develop Alternatives to Opioids – As part of the Governor’s strategy to address the opioid epidemic, the budget makes further investments to train providers in appropriate opioid prescription practices and alternative approaches to pain management.

Sustaining Oregon’s Health Care Model

One of the predominant challenges facing the Oregon Health Plan continues to be the growth in the level of state funds needed to sustain health care services absent any reforms to program revenue or significant reductions in health care. The Governor convened a workgroup of health care partners to arrive at a consensus-driven plan to secure long-term, sustainable funding for the Oregon Health Plan. The recommended plan includes broad-based sustainable revenue over a six-year timeline. The Governor’s Budget also continues strong cost containment measures to further ensure the Oregon Health Plan remains on a sustainable path without sacrificing coverage or quality of care.

- Hospital Assessment – The budget revises the Hospital Assessment structure to maximize the fully reimbursable hospital assessment from 5.3 percent to six percent of net patient revenue for Diagnostic Related Group hospitals.
- Health Insurance, Managed Care, and Stop-Loss Assessments – The budget reinstates the current insurance and managed care tax that expires at the end of 2019 at two percent of premiums and broadens the base by including an assessment on stop-loss coverage. This plan not only funds the Oregon Health Plan, but also provides revenue for the Oregon Reinsurance Program in the Department of Consumer and Business Services.
- Subsidized Employer Assessment – Many working Oregonians seek health care coverage through publically supported programs like the Oregon Health Plan because they are unable to afford or otherwise obtain health care coverage through their employers. Put differently, public programs are subsidizing some employers who do not provide health care coverage to low-income workers, or whose workers cannot afford the coverage they are offered. A new Subsidized Employer Assessment will levy an assessment on certain employers who do not meet threshold health care contributions on behalf of their workers.
- Tobacco Taxes – As discussed above, the Governor’s Budget increases cigarette taxes by \$2.00 per pack and also extends the existing wholesale tax on “other tobacco products” to vaping products. The net proceeds from the additional tobacco tax revenue will help support the Oregon Health Plan and Public Health Modernization.
- Bending the Cost Curve – The Governor’s Budget maintains Oregon’s place as a leader in holding costs below national trends by capping annual health care cost growth at 3.4 percent per member. Compared to the forecasted national annual cost growth trend of 5.5 percent, holding CCOs, PEBB and OEBC to a 3.4 percent per capita growth rate is estimated to save a total of \$638 million in 2019-21 and \$1,559 million in 2021-23.

In addition to these revenue reforms and on-going efforts to bend the cost curve, OHSU continues to be a strong partner in helping to sustain Oregon’s health care system through the intergovernmental transfer (IGT) program established in 2017-19. As Oregon’s only public

academic health center, OHSU is a critical part of the safety net for Oregon's most vulnerable population, providing health care services to a large number of Medicaid members, training Oregon's health care workforce across the state, and engaging in research to improve care and bring significant federal dollars to Oregon. By removing OHSU from the hospital tax in the 2017 legislative session, the state and OHSU have collaborated to increase the amount of funding available for the Medicaid program. The Governor's Budget reflects an additional \$252 million in state funds, which raises the total state funds to \$432 million from the OHSU IGT program for the Medicaid program. The budget reflects providing critical funding for OHSU at 87 percent of cost for the Medicaid members OHSU serves and holds OHSU's unit cost growth to no more than 3.4 percent annually for the Medicaid program.

REVENUE SUMMARY

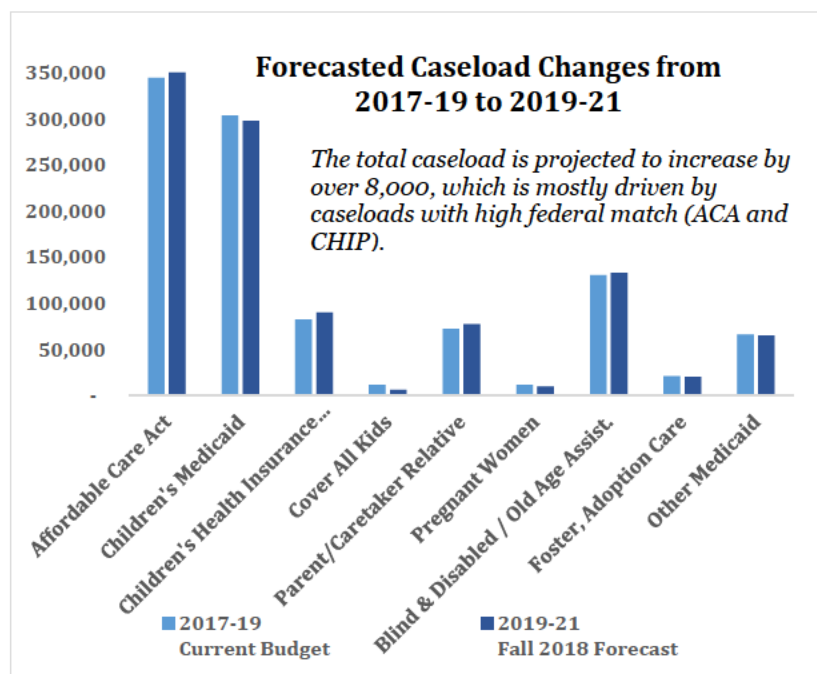
Approximately 54 percent of the budget is supported with Federal Funds, of which a significant portion represents federal Medicaid dollars matched with state funds. Federal Medicaid reimbursement is based on the Federal Medical Assistance Percentage (FMAP). Decreases in FMAP rates shifts costs to the state by an additional \$442 million in Medicaid expenses compared to 2017-19. Other important Federal Funds includes revenue for the Women, Infants, and Children program, mental health and substance abuse block grants and various federal grants supporting the Public Health Division. Important sources of Other Funds revenue are from health care providers to support the Oregon Health Plan, tobacco taxes, the national Tobacco Master Settlement Agreement, and fees related to health care regulatory functions. Similar to the decrease in federal Medicaid revenue, decreasing Other Funds revenue also resulted in budget challenges in 2019-21. Specifically, the Governor's Budget backfills declining medical marijuana revenue and tobacco revenue. Overall, General Fund comprises 11 percent of OHA's budget.

AGENCY PROGRAMS

Health Systems Division

The Health Systems Division (HSD) ensures the systematic transformation of health care in Oregon by delivering integrated health care services, strengthening the coordinated care model and improving health outcomes through administration of the state's Medicaid and non-Medicaid programs.

Medicaid: OHA is the state designated agency responsible for Medicaid, which is jointly funded by states and the federal government. Most of the state's



Medicaid coverage is provided through a managed care delivery system in the Oregon Health Plan, which provides comprehensive physical, behavioral and oral health care coverage to low-income adults and children. Currently, approximately one million individuals across several caseload categories receive Medicaid coverage in Oregon.

Oregon's health care system experienced significant changes in 2012 with the creation of coordinated care organizations (CCOs), which are accountable for delivering most Oregon Health Plan services. The coordinated care model emphasizes prevention, team-based and patient-centered care, and helping people manage chronic conditions which, in turn, helps reduce unnecessary and expensive medical services and supports healthy living. There are currently 15 CCOs operating in Oregon.

Non-Medicaid Behavioral Health: The Non-Medicaid Behavioral Health budget supports critical elements in Oregon's community behavioral health system, which serves as a safety net for all Oregonians regardless of health care coverage. A significant portion of non-Medicaid services is provided through community mental health programs and alcohol, drug and gambling addiction treatment providers. An important focus of the non-Medicaid system is to respond to individual and community crises and meet immediate behavioral health needs. Non-Medicaid funds also support OHP members through the purchase of social support services not included in the Medicaid benefit package, such as outreach and peer-based recovery.

The services provided through Non-Medicaid Behavioral Health must be in compliance with an agreement reached with the United States Department of Justice (USDOJ) in 2012. This agreement requires the state to take steps to better provide individuals with serious and persistent mental illness with the critical community services necessary to help them live in the most integrated setting appropriate to their needs and achieve positive outcomes.

The overall Health Systems Division budget, including Medicaid, Non-Medicaid Behavioral Health, and related administration, totals \$16,183.3 million, which represents a 9.5 percent increase from the 2017-19 Legislatively Approved Budget. The recommended General Fund budget is \$1,568.5 million, which represents a 14.1 percent increase from 2017-19. The increased level of funding is primarily a result of the investments for Regional Assessments, Rental Assistance, Suicide Prevention, Community Mental Health Services, and expanding Hepatitis C treatment. Other key investments in this division include \$6.7 million General Fund to replace OHA's outdated behavioral health data systems and \$9.1 million General Fund to backfill declining Other Funds revenue for Non-Medicaid Behavioral Health. The budget also eliminates the Graduate Medical Education Program, resulting in General Fund savings of \$23.8 million. In the Governor's investment plan, this program is restored in full.

Health Policy and Analytics

Health Policy and Analytics (HPA) provides policy support, technical assistance and access to health information statistics and tools to all organizations and providers participating in Oregon's health system transformation. The key functions of HPA are: Health Policy; Clinical Improvement Services; Health Analytics; Health Information Technology; Business Support; and PEBB and OEBC, which are operationally situated in HPA but have separate budget structures. Additionally, the Governor's Budget establishes the Office of Child Health within HPA to help improve long-term health outcomes for the prenatal through age five population.

HPA is largely supported by federal Medicaid dollars matched with General Fund. The program also receives Federal Funds from the Health Resources and Services Administration Primary Care grant and Health Information Technology Electronic Health Record funds. HPA receives Other Funds revenue from various grants and fees. The Governor's Budget for HPA totals \$195.3 million, which represents a 7.1 percent increase from the 2017-19 Legislatively Approved Budget. The General Fund budget is \$51.3 million, which represents an 18.2 percent increase from 2017-19. The change in General Fund is largely due to the Governor's investments in CCO 2.0, the creation of the Office of Child Health and investment in Intensive In-Home Behavioral Health Services.

Public Employees' Benefit Board (PEBB)

PEBB designs, contracts for, and administers health plans, group insurance policies, and flexible spending accounts for state and university employees and their dependents, for nearly 140,000 Oregonians. In 2006, PEBB moved toward self-insurance, which gives the Board more flexibility in plan design to meet specific goals, which contributes to the Board's success in keeping premium increases low.

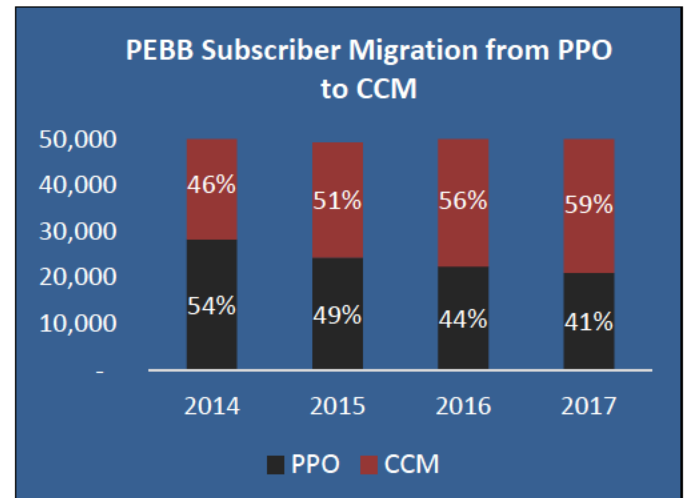
The PEBB budget is funded entirely with Other Funds revenue from premiums collected for insured individuals, a significant portion of which comes from General Fund resources paid by other state agencies for their premium costs. Consistent with the state's strategy for transforming health care and bending the cost curve, PEBB holds annual growth in per member costs to 3.4 percent.

Similar to the Oregon Health Plan, a key part of PEBB's strategy to improve health outcomes and bend the cost curve relates to promoting the coordinated care model (CCM) through the use of patient-centered primary care homes, which focus on primary care and prevention. CCM plans provide an opportunity for reducing utilization of unnecessary services, improving coordination of disease management across providers, and using innovative reimbursement models.

The Governor's Budget for PEBB is \$2,099.7 million, which represents a 6.8 percent increase from the 2017-19 Legislatively Approved Budget. The budget invests in PEBB's share of a planning project to replace the legacy benefit management systems of both PEBB and OEGB with a modern solution.

Oregon Educators Benefit Board (OEGB)

OEGB designs and administers medical, dental, vision, and other benefits for more than 130,000 employees, retirees and their family members in Oregon's K-12 school districts, education service districts, and community colleges. OEGB's goal is to provide high-quality benefits for its members at the lowest possible cost, and to work collaboratively with members, entities and insurance carriers to further advance the triple aim of health care. As with PEBB and the Oregon Health Plan, OEGB limits annual premium increases to no more than 3.4



percent per member per year.

OEBB has controlled costs by using alternative payment models, offering its members a wide-range of plans, and—much like PEBB—encouraging the migration from preferred provider organization plans to coordinated care model plans. The OEBB budget is funded entirely by Other Funds revenue from members' premium payments. The Governor's Budget for OEBB is \$1,740.4 million, which represents a 6.8 percent increase from the 2017-19 Legislatively Approved Budget. Similar to PEBB, the budget invests in OEBB's share of the planning project to replace the PEBB and OEBB benefit management systems.

Public Health Division

The Public Health Division promotes health and prevents the leading causes of death, disease and injury in Oregon. Public Health does this by administering a variety of programs addressing behavioral and social drivers of health, and by working to ensure the physical and social environments promote health and make it easier for people to make healthy choices. Oregon's public health system includes federal, state, counties and local agencies, private organizations and other partners. Public Health operates some programs directly and funds and coordinates other programs through local health departments across the state.

Public Health is funded primarily through federal funds, including over 120 grants categorically dedicated to specific programs, such as emergency and hospital preparedness, cancer prevention and control, and safe drinking water. Public Health also collects Other Funds through various fee-based programs, including newborn screening tests, licensing of hospital and inpatient care facilities, registration and inspection of x-ray equipment, testing and certification of emergency medical technicians, registration of medical marijuana cardholders, growers and dispensaries, and fees for issuing certified vital records.

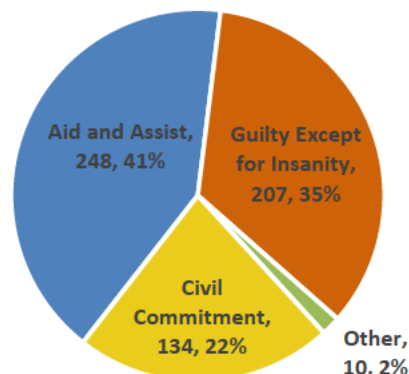
The Governor's Budget for Public Health totals \$725.4 million, which represents an 18.6 percent increase from the 2017-19 Legislatively Approved Budget. The General Fund budget is \$83.3 million, which represents a 28.3 percent increase from 2017-19. The budget supports the Governor's investments for Universal Home Visiting and Public Health Modernization. The budget also supports the purchase of a strategic stockpile of Naloxone to save lives in fighting the opioid epidemic and maintains support for county public health authorities by backfilling decreasing Other Funds revenue with \$5.5 million General Fund.

Oregon State Hospital

The Oregon State Hospital (OSH) is an integral part of the statewide behavioral health system by providing psychiatric care for adults at OSH's Salem and Junction City campuses. The hospital's primary goal is to help people recover from their mental illness and return to life in their communities. OSH's two campuses currently have the capacity to serve up to 766 individuals, with 592 beds in Salem and 174 beds in Junction City. Patients receiving treatment in OSH fall into one of the following three commitment types:

- Civil Commitment - people who have been found by the court system to be an imminent danger to themselves or others, or who are unable to provide for their own basic health and safety needs due to their mental illness.
- Guilty Except for Insanity – people who committed a crime and are found by a court to be guilty except for insanity.
- Aid and Assist – people who have been arrested but have been found unable to participate in their legal proceedings due to a mental illness and are in need of treatment to help them understand their criminal charges and “aid and assist” in their own defense.

**Oregon State Hospital
Total Patient Census of 599**



OSH's services include 24-hour on-site nursing, psychiatric treatment, pharmacy, laboratory, food and nutritional services, and vocational and educational services. To ensure only people who need hospital-level care are admitted, a robust array of preventive, treatment and crisis services must be available in local communities. The community behavioral health system must also have sufficient capacity to provide services and support once patients at the State Hospital return to their communities. Any restrictions within this continuum can result in a backup of the behavioral health system.

The 2019-21 Governor's Budget for OSH totals \$608.1 million, which represents an 8.3 percent increase from the 2017-19 Legislatively Approved Budget. The General Fund budget is \$500.8 million, which represents a 7.9 percent increase from 2017-19. As discussed above, the Governor's Budget supports opening a 25-bed unit at the Junction City campus for 12 months as a stop-gap measure to appropriately treat the current high-level of Aid and Assist patients. As part of this strategy, the budget also invests \$7.6 million General Fund in the Health Systems Division budget to create additional treatment capacity in local communities, which will enable the new unit to eventually draw down its population and close.

Central Services

Central Services provides the leadership and business support to achieve the agency's mission. This budget structure supports the following functions:

- Director's Office – responsible for the overall leadership, policy development and administrative oversight for the agency.
- External Relations – responsible for building strong relationships with the public, media, legislature and other agencies at the state and federal levels.

- Agency Operations – provides operational support and human resources services to OHA.
- Fiscal Operations – provides oversight of financing policies and coordinates budget development and execution for OHA.
- Office of Equity and Inclusion – works on behalf of OHA and the broader health system in the state to ensure the elimination of avoidable health care gaps.

Central Services is funded based on a federally approved cost allocation plan where programs are charged for the services they use. The Governor's Budget for Central Services totals \$36.9 million, which represents a 0.6 percent increase from the 2017-19 Legislatively Approved Budget. The General Fund budget is \$28.2 million, which represents a 14.6 percent increase from 2017-19 Legislatively Approved Budget.

Shared Services

Shared Services supports certain business functions for both the Department of Human Services (DHS) and OHA under a joint governance agreement. Shared Services contains the Office of Information Services (OIS) and the Information Security and Privacy Office (ISPO). OIS provides information technology systems and services for nearly 16,000 staff at numerous locations across the state. ISPO provides information security services by using business risk-management practices to protect confidential information and educating staff and agency partners on how to protect this information and report incidents when they occur. The functional scope of this office continues to change with the implementation of Senate Bill 90 (2017), which centralized certain information technology security functions within the Office of the State Chief Information Officer.

Shared Services is funded entirely by Other Funds transferred from different OHA and DHS programs through a federally approved cost allocation plan. The 2019-21 Governor's Budget for Shared Services totals \$176.6 million, which represents a 6.0 percent increase from the 2017-19 Legislatively Approved Budget.

State Assessments and Enterprise-wide Costs

State Assessments and Enterprise-wide Costs (SAEC) is the budget structure for payments to the Department of Administrative Services (DAS) and third parties for goods and services serving the entire agency, such as rent, state data center charges, DAS risk assessment, state government service charges, unemployment assessments, mass transit taxes, computer replacement and debt service.

SAEC is funded based on cost allocation statistics to determine the distribution of expenditures and the revenue distribution by General Fund, Other Funds and Federal Funds. The Governor's Budget for SAEC totals \$282.7 million, which represents 3.9 percent increase from the 2017-19 Legislatively Approved Budget. The General Fund budget is \$209.5 million, which represents a 9.2 percent increase from 2017-19.

From: [EDLUND Tina * GOV](#)
To: [NASS Kate * DAS](#); [BLOSSER Nik * GOV](#); [KORESKE Debbie * GOV](#); [PAIR Chris * GOV](#); [ROMAN Linda * GOV](#)
Cc: [NAUGHTON George M * DAS](#); [KEITH Kristin * DAS](#); [LESLIE Berri * GOV](#)
Subject: RE: REVIEW NEEDED: OHA Agency Narrative
Date: Sunday, November 18, 2018 8:21:22 PM
Attachments: [443_OHA ITID TDE Sunday evening.docx](#)

My tiny edits are attached.

Nice job!

Tina

From: NASS Kate * DAS <Kate.NASS@oregon.gov>
Sent: Sunday, November 18, 2018 7:38 PM
To: BLOSSER Nik * GOV <Nik.BLOSSER@oregon.gov>; KORESKE Debbie * GOV <Debbie.KORESKE@oregon.gov>; EDLUND Tina * GOV <Tina.EDLUND@oregon.gov>; PAIR Chris * GOV <Chris.PAIR@oregon.gov>; ROMAN Linda * GOV <Linda.ROMAN@oregon.gov>
Cc: NAUGHTON George M * DAS <George.M.NAUGHTON@oregon.gov>; KEITH Kristin * DAS <Kristin.Keith@oregon.gov>; LESLIE Berri * GOV <Berri.Leslie@oregon.gov>
Subject: REVIEW NEEDED: OHA Agency Narrative

Happy Sunday (evening),

Attached is the draft agency narrative for OHA. I know Tina and Linda worked on this quite a bit but we had to reduce it a bit to keep to page limits. Please review and make any edits in tracked changes by 9:00 today. Good news, you don't have to worry about formatting, once all narratives are final, we will take care of formatting for the whole document.

Let me know if you have questions or concerns.

Thanks,
k

Kate Nass
Deputy Chief Financial Officer
Office: 503.378.5442 | Mobile: 503.871.0974

Oregon Health Authority

	2015-17 Actuals	2017-19 Leg Approved Budget	2019-21 Governor's Budget
General Fund	\$2,152,357,931	\$2,163,688,359	\$2,441,537,660
Lottery Funds	11,113,255	12,498,909	12,925,769
Other Funds	5,683,251,462	6,731,665,968	7,726,255,646
Federal Funds	11,189,125,905	11,157,169,693	11,721,326,187
Other Funds (Nonlimited)	212,475,263	40,000,000	40,000,000
Federal Funds (Nonlimited)	85,956,641	106,448,361	106,196,261
Total Funds	\$19,334,280,457	\$20,211,471,290	\$22,048,241,523
Positions	4,450	4,181	4,297
Full-time Equivalent	4,394 40	4,276 04	4,221 17

OVERVIEW

The Governor's Budget for the Oregon Health Authority (OHA) reinforces the state's commitment to making the health of Oregonians a core foundation of the state while ensuring the health care delivery model remains sustainable during a time of increasing cost pressures and reduced federal funding. The budget helps achieve critical health care outcomes through strategic investments, revenue reforms and cost savings measures—all while preserving health care benefits and holding the state's health care programs to high standards.

OHA achieves its mission of helping people and communities reach optimal physical, behavioral and social well-being through the following health care programs: the Oregon Health Plan, Non-Medicaid Behavioral Health, the Oregon State Hospital, Public Health, Health Policy and Analytics, the Public Employees' Benefit Board (PEBB), and the Oregon Educators Benefit Board (OEBB).

The OHA budget directly impacts a significant portion of Oregon's population:

- Nearly 1,300,000 individuals receive health care coverage through the Oregon Health Plan, PEBB and OEBB;
- Over 50,000 individuals receive behavioral health support and treatment services through local community mental health and substance use disorder programs;
- Approximately 600 individuals receive 24-hour psychiatric care through the Oregon State Hospital system; and
- Every Oregonian benefits from disease prevention and wellness services provided by the Public Health Division.

In 2017, Governor Brown expanded coverage even further by signing Cover All Kids into law, which extended eligibility for medical assistance to all Oregon children residing in families with

incomes up to 300 percent of the poverty level.

In less than a decade, Oregon's focus on health care has vastly increased the overall number of Oregonians who have comprehensive coverage—pushing the rate of coverage from 85 percent of all Oregonians in 2011 to 94 percent today. Yet coverage alone is not enough. Meaningful improvement in health requires having the same kind of access to oral health and behavioral health as for traditional physical health care services. The state must also continue to improve the affordability and sustainability of our health care system while ensuring Oregonians can be as healthy as possible.

Governor Brown's 2019-21 budget addresses these important issues by taking a multi-biennia approach to ensure our health care programs remain sustainable and implements a robust health care agenda focused on addressing underlying costs and raising the bar for health outcomes.

GOVERNOR'S BUDGET

The 2019-21 Governor's Budget for OHA totals \$22,048.2 million, which represents a 9.0 percent increase from the 2017-19 Legislatively Approved Budget. The General Fund budget is \$2,441.5 million and represents a 12.8 percent increase from 2017-19. The budget supports 4,297 positions.

The Governor's plan advances Oregon's success with health care transformation through the following interrelated strategies: helping children achieve their full potential; enhancing the behavioral health system; improving overall health outcomes; and extending Oregon's health care model.

Helping Children Achieve their Full Potential

As shown in recommendations by the Children's Cabinet and the strategies outlined in the Governor's Health Care and Addictions and Recovery Agendas, health care is at the intersection of children growing up to be successful adults. To address the increasing challenges faced by children and families, the Governor's Budget makes key investments in evidence-based health care solutions that improve the conditions of all Oregonians while creating pathways for resiliency and success.

- **Multi-Generational Addictions Treatment** - To help break the cycle of addiction passed through generations, the Governor's Budget invests \$5 million to expand prenatal and postpartum treatment and support for mothers.
- **Intensive In-Home Behavioral Health Services** – Due to a lack of intensive community-based services, many Medicaid-eligible youth are referred to residential care instead of receiving treatment in their home community. The Governor's Budget includes \$19.6 million to enable coordinated care organizations and providers to deliver these services in the community and help families stay together.
- **Universal Home Visiting** – Home visiting programs are a proven way of creating a safe and healthy environment for children by supporting parents and families with information and services that provide the foundation for a lifetime of physical and mental well-being.

The Governor's Budget recognizes this through an \$8.7 million investment for a Universal Home Visiting program to complement existing home visiting services by helping families enter into their community system of care.

- Regional Assessments – The Governor's Budget includes \$10.4 million to support integrated evaluations and care planning for children and their families. This reflects a new model, with a priority to assist the children who are inappropriately placed in certain settings, such as temporary lodging or emergency department boarding, through evaluation, assessment and stabilization ~~services~~.
- Reduce Risk Factors for Suicide – To stem the rising rate of suicide, the Governor's Budget provides \$13.1 million to implement the early intervention priorities ~~outlined~~ in the Youth Suicide Intervention and Prevention Plan, support mental health services in schools, help communities in crisis and develop a comprehensive adult suicide prevention plan.
- Office of Child Health – OHA currently lacks a defined team to provide essential coordination and focus on prenatal and child health initiatives. To remedy this, the Governor's Budget creates the Office of Child Health to enhance OHA's ability to improve health outcomes, with a focus on the prenatal through age five population.

Improving Health Outcomes

Improving the health status of every Oregonian requires ~~pushing~~ ~~advancing~~ the coordinated care model beyond the success of the past six years by spurring sustainable community innovation, investing in social determinants of health and equity, and strengthening connections to public health, human services and long-term support.

- CCO 2.0 – OHA is currently undertaking a significant advancement of the coordinated care system in preparation for a new procurement of coordinated care organizations (CCOs) in 2020. This next phase of health care transformation is referred to as "CCO 2.0." The priorities outlined by the Governor for this endeavor focus on improving the behavioral health system, increasing value and pay for performance, maintaining sustainable cost growth and addressing social determinants of health and equity. While many of the investments included in the Governor's Budget for OHA support this initiative, the budget also includes a \$1.9 million for OHA to achieve the goals of CCO 2.0.
- Public Health Modernization – Public Health Modernization remains a top priority and the Governor builds on the existing \$5 million modernization budget with an additional \$13.6 million in the 2019-21 biennium. A modern public health system ensures foundational public health protections are in place for every person in Oregon, the public health system is prepared to address emerging health threats, and eliminates health disparities.
- Housing Support – Access to safe, quality and affordable housing—including the support necessary to maintain that housing—represents one of the most critical social determinants of health. Under the Governor's leadership, OHA and Oregon Housing and Community Services are collaborating to create 500 new units of permanent supportive

housing across Oregon. The Governor's Budget includes \$4.5 million for OHA to provide behavioral health and other critical supports to these individuals as these housing units become available later in the 2019-21 biennium.

- Tobacco Cessation – Tobacco use remains the number one cause of preventable death and disease in Oregon. Increasing the price of tobacco products is one of the most effective policy tools to reducing tobacco use, yet Oregon's cigarette tax remains lower than most other states, currently ranking 32nd in the nation, and is far behind neighboring California and Washington. To reduce the use of tobacco and its enormous consequences, the Governor proposes a \$2.00 per pack increase on the state's cigarette tax, extends the existing wholesale tax on other tobacco products to vaping products and increases other non-cigarette tobacco taxes. Not only will the increased cost of these products reduce tobacco use and increase the health of Oregonians, the additional revenue through this proposal will support [tobacco prevention programs](#), the Oregon Health Plan and Public Health Modernization.
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Physical health, behavioral health, and oral health services are too often delivered in separate, fragmented ways. By integrating these services and making targeted investments, Oregon can expand access to appropriate treatment at the right time, maximize the opportunity to achieve better health outcomes and lower costs.

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- Oregon State Hospital and Community Mental Health – The Oregon State Hospital currently does not have the capacity to accept and treat the number of Aid and Assist patients sent to the hospital under court orders. This constraint also negatively impacts other types of patients who need hospital level of care and impairs communities struggling to find appropriate placements for care. The Governor's Budget addresses this situation through the following multi-faceted strategy: 1) opening a new unit at the State Hospital Junction City campus for 12 months as a stop-gap solution to resolve the immediate capacity needs; 2) investing \$7.6 million to increase capacity at the community level; and 3) proposing statutory reforms to ensure the State Hospital's costly level of care intended

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Sustaining Oregon’s Health Care Model

One of the predominant challenges facing the Oregon Health Plan continues to be the growth in the level of state funds needed to sustain health care services absent any reforms to program revenue or significant reductions in health care. The Governor convened a workgroup of health care partners to arrive at a consensus-driven plan to secure long-term, sustainable funding for the Oregon Health Plan. The recommended plan includes broad-based sustainable revenue over a six-year timeline. The Governor’s Budget also continues strong cost containment measures to further ensure the Oregon Health Plan remains on a sustainable path without sacrificing coverage or quality of care.

- Hospital Assessment – The budget revises the Hospital Assessment structure to maximize the fully reimbursable hospital assessment from 5.3 percent to six percent of net patient revenue for Diagnostic Related Group (DRG) hospitals.
- Health Insurance, Managed Care, and Stop-Loss Assessments – The budget reinstates the current insurance and managed care tax that expires at the end of 2019 at two percent of premiums and broadens the base by including an assessment on stop-loss coverage. This plan not only funds the Oregon Health Plan, but also provides revenue for the Oregon Reinsurance Program in the Department of Consumer and Business Services.
- Subsidized Employer Assessment – Many working Oregonians seek health care coverage through publically supported programs like the Oregon Health Plan because they are unable to afford or otherwise obtain health care coverage through their employers. Put differently, public programs are subsidizing some employers who do not provide health care coverage to low-income workers, or whose workers cannot afford the coverage they are offered. A new Subsidized Employer Assessment will levy an assessment on certain employers who do not meet threshold health care contributions on behalf of their workers.
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In addition to these revenue reforms and on-going efforts to bend the cost curve, OHSU

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continues to be a strong partner in helping to sustain Oregon's health care system through the intergovernmental transfer (IGT) program established in 2017-19. As Oregon's only public academic health center, OHSU is a critical part of the safety net for Oregon's most vulnerable population, providing health care services to a large number of Medicaid members, training Oregon's health care workforce across the state, and engaging in research to improve care and bring significant federal dollars to Oregon. By removing OHSU from the hospital tax in the 2017 legislative session, the state and OHSU have collaborated to increase the amount of funding available for the Medicaid program. The Governor's Budget reflects an additional \$252 million in state funds, which raises the total state funds to \$432 million from the OHSU IGT program for the Medicaid program. The budget reflects providing critical funding for OHSU at 87 percent of cost for the Medicaid members OHSU serves and holds OHSU's unit cost growth to no more than 3.4 percent annually for the Medicaid program.

REVENUE SUMMARY

Approximately 54 percent of the budget is supported with Federal Funds, of which a significant portion represents federal Medicaid dollars matched with state funds. Federal Medicaid reimbursement is based on the Federal Medical Assistance Percentage (FMAP). Decreases in FMAP rates shifts costs to the state by an additional \$442 million in Medicaid expenses compared to 2017-19. Other important Federal Funds includes revenue for the Women, Infants, and Children program, mental health and substance abuse block grants and various federal grants supporting the Public Health Division. Important sources of Other Funds revenue are from health care providers to support the Oregon Health Plan, tobacco taxes, the national Tobacco Master Settlement Agreement, and fees related to health care regulatory functions. Similar to the decrease in federal Medicaid revenue, decreasing Other Funds revenue also resulted in budget challenges in 2019-21. Specifically, the Governor's Budget backfills declining medical marijuana revenue and tobacco revenue. Overall, General Fund comprises 11 percent of OHA's budget.

AGENCY PROGRAMS

Health Systems Division

The Health Systems Division (HSD) ensures the systematic transformation of health care in Oregon by delivering integrated health care services, strengthening the coordinated care model and improving health outcomes through administration of the state's Medicaid and non-Medicaid programs.

Medicaid: OHA is the state designated agency responsible for Medicaid, which is jointly funded by states and the federal government. Most of the state's Medicaid coverage is provided through a managed care

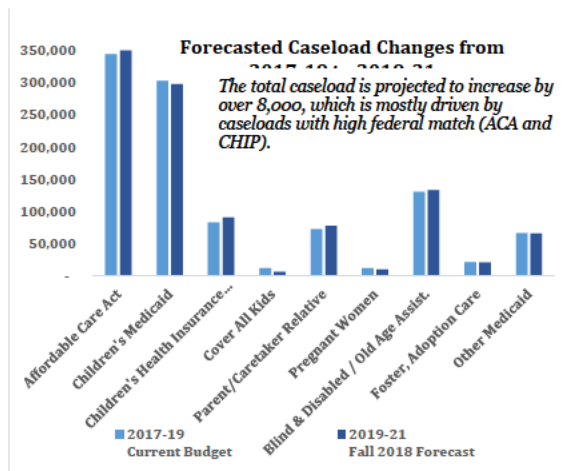
delivery system in the Oregon Health Plan, which provides comprehensive physical, behavioral and oral health care coverage to low-income adults and children. Currently, approximately one million individuals across several caseload categories receive Medicaid coverage in Oregon.

Oregon's health care system experienced significant changes in 2012 with the creation of coordinated care organizations (CCOs), which are accountable for delivering most Oregon Health Plan services. The coordinated care model emphasizes prevention, team-based ~~and~~ patient-centered care, and helping people manage chronic conditions which, in turn, helps reduce unnecessary and expensive medical services and supports healthy living. There are currently 15 CCOs operating in Oregon.

Non-Medicaid Behavioral Health: The Non-Medicaid Behavioral Health budget supports critical elements in Oregon's community behavioral health system, which serves as a safety net for all Oregonians regardless of health care coverage. A significant portion of non-Medicaid services is provided through community mental health programs and alcohol, drug and gambling addiction treatment providers. An important focus of the non-Medicaid system is to respond to individual and community crises and meet immediate behavioral health needs. Non-Medicaid funds also support OHP members through the purchase of social support services not included in the Medicaid benefit package, such as outreach and peer-based recovery.

The services provided through Non-Medicaid Behavioral Health must be in compliance with an agreement reached with the United States Department of Justice (USDOJ) in 2012. This agreement requires the state to take steps to better provide individuals with serious and persistent mental illness with the critical community services necessary to help them live in the most integrated setting appropriate to their needs and achieve positive outcomes.

The overall Health Systems Division budget, including Medicaid, Non-Medicaid Behavioral Health, and related administration, totals \$16,183.3 million, which represents a 9.5 percent increase from the 2017-19 Legislatively Approved Budget. The recommended General Fund



budget is \$1,568.5 million, which represents a 14.1 percent increase from 2017-19. The increased level of funding is primarily a result of the investments for Regional Assessments, Rental Assistance, Suicide Prevention, Community Mental Health Services, and expanding Hepatitis C treatment. Other key investments in this division include \$6.7 million General Fund to replace OHA's outdated behavioral health data systems and \$9.1 million General Fund to backfill declining Other Funds revenue for Non-Medicaid Behavioral Health. The budget also eliminates the Graduate Medical Education Program, resulting in General Fund savings of \$23.8 million. In the Governor's investment plan, this program is restored in full.

Health Policy and Analytics

Health Policy and Analytics (HPA) provides policy support, technical assistance and access to health information statistics and tools to all organizations and providers participating in Oregon's health system transformation. The key functions of HPA are: Health Policy; Clinical Improvement Services; Health Analytics; Health Information Technology; Business Support; and PEBB and OEBC, which are operationally situated in HPA but have separate budget structures. Additionally, the Governor's Budget establishes the Office of Child Health within HPA to help improve long-term health outcomes for the prenatal through age five population.

HPA is largely supported by federal Medicaid dollars matched with General Fund. The program also receives Federal Funds from the Health Resources and Services Administration Primary Care grant and Health Information Technology Electronic Health Record funds. HPA receives Other Funds revenue from various grants and fees. The Governor's Budget for HPA totals \$195.3 million, which represents a 7.1 percent increase from the 2017-19 Legislatively Approved Budget. The General Fund budget is \$51.3 million, which represents an 18.2 percent increase from 2017-19. The change in General Fund is largely due to the Governor's investments in CCO 2.0, the creation of the Office of Child Health and investment in Intensive In-Home Behavioral Health Services.

Public Employees' Benefit Board (PEBB)

PEBB designs, contracts for, and administers health plans, group insurance policies, and flexible spending accounts for state and university employees and their dependents, for nearly 140,000 Oregonians. In 2006, PEBB moved toward self-insurance, which gives the Board more flexibility in plan design to meet specific goals, which contributes to the Board's success in keeping premium increases low.

The PEBB budget is funded entirely with Other Funds revenue from premiums collected for insured individuals, a significant portion of which comes from General Fund resources paid by other state agencies for their premium costs. Consistent with the state's strategy for transforming health care and bending the cost curve, PEBB holds annual growth in per member costs to 3.4 percent.

Similar to the Oregon Health Plan, a key part of PEBB's strategy to improve health outcomes and bend the cost curve relates to promoting the coordinated care model (CCM) through the use of patient-centered primary care homes, which focus on primary care and prevention. CCM plans provide an opportunity for reducing utilization of unnecessary services, improving coordination of disease management across providers, and using innovative reimbursement models.

The Governor's Budget for PEBB is \$2,099.7 million, which represents a 6.8 percent increase from the 2017-19 Legislatively Approved Budget. The budget invests in PEBB's share of a planning project to replace the legacy benefit management systems of both PEBB and OEBB with a modern solution.

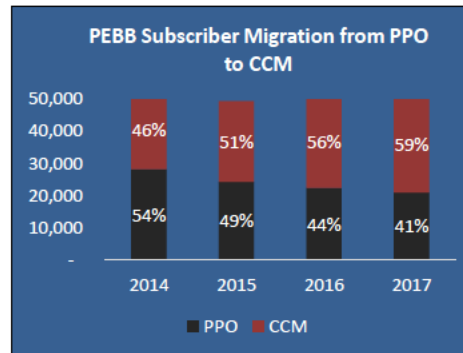
Oregon Educators Benefit Board (OEBB)

OEBB designs and administers medical, dental, vision, and other benefits for more than 130,000 employees, retirees and their family members in Oregon's K-12 school districts, education service districts, and community colleges. OEBB's goal is to provide high-quality benefits for its members at the lowest possible cost, and to work collaboratively with members, entities and insurance carriers to further advance the triple aim of health care. As with PEBB and the Oregon Health Plan, OEBB limits annual premium increases to no more than 3.4 percent per member per year.

OEBB has controlled costs by using alternative payment models, offering its members a wide-range of plans, and—much like PEBB—encouraging the migration from preferred provider organization plans to coordinated care model plans. The OEBB budget is funded entirely by Other Funds revenue from members' premium payments. The Governor's Budget for OEBB is \$1,740.4 million, which represents a 6.8 percent increase from the 2017-19 Legislatively Approved Budget. Similar to PEBB, the budget invests in OEBB's share of the planning project to replace the PEBB and OEBB benefit management systems.

Public Health Division

The Public Health Division promotes health and prevents the leading causes of death, disease and injury in Oregon. Public Health does this by administering a variety of programs addressing behavioral and social drivers of health, and by working to ensure the physical and social environments promote health and make it easier for people to make healthy choices. Oregon's public health system includes federal, state, counties and local agencies, private organizations and other partners. Public Health operates some programs directly and funds and coordinates



other programs through local health departments across the state.

Public Health is funded primarily through federal funds, including over 120 grants categorically dedicated to specific programs, such as emergency and hospital preparedness, cancer prevention and control, and safe drinking water. Public Health also collects Other Funds through various fee-based programs, including newborn screening tests, licensing of hospital and inpatient care facilities, registration and inspection of x-ray equipment, testing and certification of emergency medical technicians, registration of medical marijuana cardholders, growers and dispensaries, and fees for issuing certified vital records.

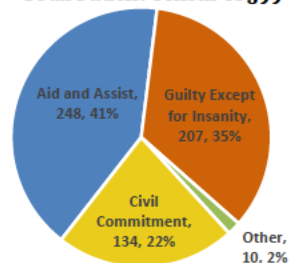
The Governor's Budget for Public Health totals \$725.4 million, which represents an 18.6 percent increase from the 2017-19 Legislatively Approved Budget. The General Fund budget is \$83.3 million, which represents a 28.3 percent increase from 2017-19. The budget supports the Governor's investments for Universal Home Visiting and Public Health Modernization. The budget also supports the purchase of a strategic stockpile of Naloxone to save lives in fighting the opioid epidemic and maintains support for county public health authorities by backfilling decreasing Other Funds revenue with \$5.5 million General Fund.

Oregon State Hospital

The Oregon State Hospital (OSH) is an integral part of the statewide behavioral health system by providing psychiatric care for adults at OSH's Salem and Junction City campuses. The hospital's primary goal is to help people recover from their mental illness and return to life in their communities. OSH's two campuses currently have the capacity to serve up to 766 individuals, with 592 beds in Salem and 174 beds in Junction City. Patients receiving treatment in OSH fall into one of the following three commitment types:

- Civil Commitment - people who have been found by the court system to be an imminent danger to themselves or others, or who are unable to provide for their own basic health and safety needs due to their mental illness.
- Guilty Except for Insanity – people who committed a crime and are found by a court to be guilty except for insanity.

**Oregon State Hospital
Total Patient Census of 599**



- Aid and Assist – people who have been arrested but have been found unable to participate in their legal proceedings due to a mental illness and are in need of treatment to help them understand their criminal charges and “aid and assist” in their own defense.

OSH’s services include 24-hour on-site nursing, psychiatric treatment, pharmacy, laboratory, food and nutritional services, and vocational and educational services. To ensure only people who need hospital-level care are admitted, a robust array of preventive, treatment and crisis services must be available in local communities. The community behavioral health system must also have sufficient capacity to provide services and support once patients at the State Hospital return to their communities. Any restrictions within this continuum can result in a backup of the behavioral health system.

The 2019-21 Governor’s Budget for OSH totals \$608.1 million, which represents an 8.3 percent increase from the 2017-19 Legislatively Approved Budget. The General Fund budget is \$500.8 million, which represents a 7.9 percent increase from 2017-19. As discussed above, the Governor’s Budget supports opening a 25-bed unit at the Junction City campus for 12 months as a stop-gap measure to appropriately treat the current high-level of Aid and Assist patients. As part of this strategy, the budget also invests \$7.6 million General Fund in the Health Systems Division budget to create additional treatment capacity in local communities, which will enable the new unit to eventually draw down its population and close.

Central Services

Central Services provides the leadership and business support to achieve the agency’s mission. This budget structure supports the following functions:

- Director’s Office – responsible for the overall leadership, policy development and administrative oversight for the agency.
- External Relations – responsible for building strong relationships with the public, media, legislature and other agencies at the state and federal levels.
- Agency Operations – provides operational support and human resources services to OHA.
- Fiscal Operations – provides oversight of financing policies and coordinates budget development and execution for OHA.
- Office of Equity and Inclusion – works on behalf of OHA and the broader health system in the state to ensure the elimination of avoidable health care gaps.

Central Services is funded based on a federally approved cost allocation plan where programs are charged for the services they use. The Governor’s Budget for Central Services totals \$36.9 million, which represents a 0.6 percent increase from the 2017-19 Legislatively Approved Budget. The General Fund budget is \$28.2 million, which represents a 14.6 percent increase from 2017-19 Legislatively Approved Budget.

Shared Services

Shared Services supports certain business functions for both the Department of Human Services (DHS) and OHA under a joint governance agreement. Shared Services contains the Office of Information Services (OIS) and the Information Security and Privacy Office (ISPO). OIS provides information technology systems and services for nearly 16,000 staff at numerous

locations across the state. ISPO provides information security services by using business risk-management practices to protect confidential information and educating staff and agency partners on how to protect this information and report incidents when they occur. The functional scope of this office continues to change with the implementation of Senate Bill 90 (2017), which centralized certain information technology security functions within the Office of the State Chief Information Officer.

Shared Services is funded entirely by Other Funds transferred from different OHA and DHS programs through a federally approved cost allocation plan. The 2019-21 Governor's Budget for Shared Services totals \$176.6 million, which represents a 6.0 percent increase from the 2017-19 Legislatively Approved Budget.

State Assessments and Enterprise-wide Costs

State Assessments and Enterprise-wide Costs (SAEC) is the budget structure for payments to the Department of Administrative Services (DAS) and third parties for goods and services serving the entire agency, such as rent, state data center charges, DAS risk assessment, state government service charges, unemployment assessments, mass transit taxes, computer replacement and debt service.

SAEC is funded based on cost allocation statistics to determine the distribution of expenditures and the revenue distribution by General Fund, Other Funds and Federal Funds. The Governor's Budget for SAEC totals \$282.7 million, which represents 3.9 percent increase from the 2017-19 Legislatively Approved Budget. The General Fund budget is \$209.5 million, which represents a 9.2 percent increase from 2017-19.

From: [BLOSSER Nik * GOV](#)
To: [ZIKE Madilyn * DAS](#)
Cc: [PIRTLE-GUINEY Elana * GOV](#)
Subject: For comp report
Date: Monday, November 19, 2018 9:10:57 AM
Attachments: [443_OHA ITID TDE Sunday evening\[1\].docx](#)

See pages 8-9 on PEBB

Nik Blosser
Chief of Staff
Oregon Governor Kate Brown
503-373-1565

Assistant: Jen Andrew
jennifer.j.andrew@oregon.gov

Oregon Health Authority

	2015-17 Actuals	2017-19 Leg Approved Budget	2019-21 Governor's Budget
General Fund	\$2,152,357,931	\$2,163,688,359	\$2,441,537,660
Lottery Funds	11,113,255	12,498,909	12,925,769
Other Funds	5,683,251,462	6,731,665,968	7,726,255,646
Federal Funds	11,189,125,905	11,157,169,693	11,721,326,187
Other Funds (Nonlimited)	212,475,263	40,000,000	40,000,000
Federal Funds (Nonlimited)	85,956,641	106,448,361	106,196,261
Total Funds	\$19,334,280,457	\$20,211,471,290	\$22,048,241,523
Positions	4,450	4,181	4,297
Full-time Equivalent	4,394 40	4,276 04	4,221 17

OVERVIEW

The Governor's Budget for the Oregon Health Authority (OHA) reinforces the state's commitment to making the health of Oregonians a core foundation of the state while ensuring the health care delivery model remains sustainable during a time of increasing cost pressures and reduced federal funding. The budget helps achieve critical health care outcomes through strategic investments, revenue reforms and cost savings measures—all while preserving health care benefits and holding the state's health care programs to high standards.

OHA achieves its mission of helping people and communities reach optimal physical, behavioral and social well-being through the following health care programs: the Oregon Health Plan, Non-Medicaid Behavioral Health, the Oregon State Hospital, Public Health, Health Policy and Analytics, the Public Employees' Benefit Board (PEBB), and the Oregon Educators Benefit Board (OEBB).

The OHA budget directly impacts a significant portion of Oregon's population:

- Nearly 1,300,000 individuals receive health care coverage through the Oregon Health Plan, PEBB and OEBB;
- Over 50,000 individuals receive behavioral health support and treatment services through local community mental health and substance use disorder programs;
- Approximately 600 individuals receive 24-hour psychiatric care through the Oregon State Hospital system; and
- Every Oregonian benefits from disease prevention and wellness services provided by the Public Health Division.

In 2017, Governor Brown expanded coverage even further by signing Cover All Kids into law, which extended eligibility for medical assistance to all Oregon children residing in families with

incomes up to 300 percent of the poverty level.

In less than a decade, Oregon's focus on health care has vastly increased the overall number of Oregonians who have comprehensive coverage—pushing the rate of coverage from 85 percent of all Oregonians in 2011 to 94 percent today. Yet coverage alone is not enough. Meaningful improvement in health requires having the same kind of access to oral health and behavioral health as for traditional physical health care services. The state must also continue to improve the affordability and sustainability of our health care system while ensuring Oregonians can be as healthy as possible.

Governor Brown's 2019-21 budget addresses these important issues by taking a multi-biennia approach to ensure our health care programs remain sustainable and implements a robust health care agenda focused on addressing underlying costs and raising the bar for health outcomes.

GOVERNOR'S BUDGET

The 2019-21 Governor's Budget for OHA totals \$22,048.2 million, which represents a 9.0 percent increase from the 2017-19 Legislatively Approved Budget. The General Fund budget is \$2,441.5 million and represents a 12.8 percent increase from 2017-19. The budget supports 4,297 positions.

The Governor's plan advances Oregon's success with health care transformation through the following interrelated strategies: helping children achieve their full potential; enhancing the behavioral health system; improving overall health outcomes; and extending Oregon's health care model.

Helping Children Achieve their Full Potential

As shown in recommendations by the Children's Cabinet and the strategies outlined in the Governor's Health Care and Addictions and Recovery Agendas, health care is at the intersection of children growing up to be successful adults. To address the increasing challenges faced by children and families, the Governor's Budget makes key investments in evidence-based health care solutions that improve the conditions of all Oregonians while creating pathways for resiliency and success.

- **Multi-Generational Addictions Treatment** - To help break the cycle of addiction passed through generations, the Governor's Budget invests \$5 million to expand prenatal and postpartum treatment and support for mothers.
- **Intensive In-Home Behavioral Health Services** – Due to a lack of intensive community-based services, many Medicaid-eligible youth are referred to residential care instead of receiving treatment in their home community. The Governor's Budget includes \$19.6 million to enable coordinated care organizations and providers to deliver these services in the community and help families stay together.
- **Universal Home Visiting** – Home visiting programs are a proven way of creating a safe and healthy environment for children by supporting parents and families with information and services that provide the foundation for a lifetime of physical and mental well-being.

The Governor's Budget recognizes this through an \$8.7 million investment for a Universal Home Visiting program to complement existing home visiting services by helping families enter into their community system of care.

- Regional Assessments – The Governor's Budget includes \$10.4 million to support integrated evaluations and care planning for children and their families. This reflects a new model, with a priority to assist the children who are inappropriately placed in certain settings, such as temporary lodging or emergency department boarding, through evaluation, assessment and stabilization [services](#).
- Reduce Risk Factors for Suicide – To stem the rising rate of suicide, the Governor's Budget provides \$13.1 million to implement the early intervention priorities [outlined](#) in the Youth Suicide Intervention and Prevention Plan, support mental health services in schools, help communities in crisis and develop a comprehensive adult suicide prevention plan.
- Office of Child Health – OHA currently lacks a defined team to provide essential coordination and focus on prenatal and child health initiatives. To remedy this, the Governor's Budget creates the Office of Child Health to enhance OHA's ability to improve health outcomes, with a focus on the prenatal through age five population.

Improving Health Outcomes

Improving the health status of every Oregonian requires [pushing-advancing](#) the coordinated care model beyond the success of the past six years by spurring sustainable community innovation, investing in social determinants of health and equity, and strengthening connections to public health, human services and long-term support.

- CCO 2.0 – OHA is currently undertaking a significant advancement of the coordinated care system in preparation for a new procurement of coordinated care organizations (CCOs) in 2020. This next phase of health care transformation is referred to as "CCO 2.0." The priorities outlined by the Governor for this endeavor focus on improving the behavioral health system, increasing value and pay for performance, maintaining sustainable cost growth and addressing social determinants of health and equity. While many of the investments included in the Governor's Budget for OHA support this initiative, the budget also includes a \$1.9 million for OHA to achieve the goals of CCO 2.0.
- Public Health Modernization – Public Health Modernization remains a top priority and the Governor builds on the existing \$5 million modernization budget with an additional \$13.6 million in the 2019-21 biennium. A modern public health system ensures foundational public health protections are in place for every person in Oregon, the public health system is prepared to address emerging health threats, and eliminates health disparities.
- Housing Support – Access to safe, quality and affordable housing—including the support necessary to maintain that housing—represents one of the most critical social determinants of health. Under the Governor's leadership, OHA and Oregon Housing and Community Services are collaborating to create 500 new units of permanent supportive

housing across Oregon. The Governor's Budget includes \$4.5 million for OHA to provide behavioral health and other critical supports to these individuals as these housing units become available later in the 2019-21 biennium.

- Tobacco Cessation – Tobacco use remains the number one cause of preventable death and disease in Oregon. Increasing the price of tobacco products is one of the most effective policy tools to reducing tobacco use, yet Oregon's cigarette tax remains lower than most other states, currently ranking 32nd in the nation, and is far behind neighboring California and Washington. To reduce the use of tobacco and its enormous consequences, the Governor proposes a \$2.00 per pack increase on the state's cigarette tax, extends the existing wholesale tax on other tobacco products to vaping products and increases other non-cigarette tobacco taxes. Not only will the increased cost of these products reduce tobacco use and increase the health of Oregonians, the additional revenue through this proposal will support [tobacco prevention programs](#), the Oregon Health Plan and Public Health Modernization.
- Ending Hepatitis C ~~Infections~~ – New treatments exist to cure individuals living with Hepatitis C. An investment in the 2017-19 biennium enabled OHA to expand treatment to Oregon Health Plan patients with later stages of the disease. The Governor's Budget increases this investment with an additional \$10 million General Fund to ensure treatment is available to Oregon Health Plan members with any stage of the disease and puts the state on track to eradicate the cascading effects of Hepatitis C infections.

Enhancing the Behavioral Health System

Physical health, behavioral health, and oral health services are too often delivered in separate, fragmented ways. By integrating these services and making targeted investments, Oregon can expand access to appropriate treatment at the right time, maximize the opportunity to achieve better health outcomes and lower costs.

- Advancing Behavioral Health Integration – To establish a more connected system, the Governor's Budget provides \$5.9 million to incentivize providers to invest in foundational technology, help adapt the primary care home model within behavioral health settings, and improve access to evidence-based pharmaceutical treatments. The budget also invests \$2.4 million to support efficient forms of connecting with doctors and treatments, such as telehealth [and Project Echo](#), which is important for improving access in Oregon's rural communities.
- Oregon State Hospital and Community Mental Health – The Oregon State Hospital currently does not have the capacity to accept and treat the number of Aid and Assist patients sent to the hospital under court orders. This constraint also negatively impacts other types of patients who need hospital level of care and impairs communities struggling to find appropriate placements for care. The Governor's Budget addresses this situation through the following multi-faceted strategy: 1) opening a new unit at the State Hospital Junction City campus for 12 months as a stop-gap solution to resolve the immediate capacity needs; 2) investing \$7.6 million to increase capacity at the community level; and 3) proposing statutory reforms to ensure the State Hospital's costly level of care intended

for the hardest to treat patients is not used for patients who would be more appropriately treated in community settings.

- Develop Alternatives to Opioids – As part of the Governor’s strategy to address the opioid epidemic, the budget makes further investments to train providers in appropriate opioid prescription practices and alternative approaches to pain management.

Sustaining Oregon’s Health Care Model

One of the predominant challenges facing the Oregon Health Plan continues to be the growth in the level of state funds needed to sustain health care services absent any reforms to program revenue or significant reductions in health care. The Governor convened a workgroup of health care partners to arrive at a consensus-driven plan to secure long-term, sustainable funding for the Oregon Health Plan. The recommended plan includes broad-based sustainable revenue over a six-year timeline. The Governor’s Budget also continues strong cost containment measures to further ensure the Oregon Health Plan remains on a sustainable path without sacrificing coverage or quality of care.

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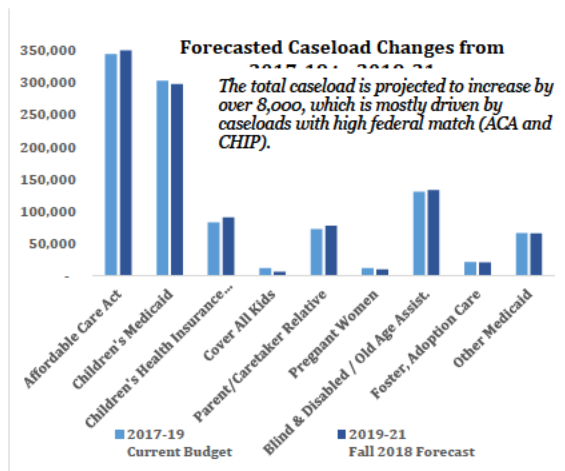
delivery system in the Oregon Health Plan, which provides comprehensive physical, behavioral and oral health care coverage to low-income adults and children. Currently, approximately one million individuals across several caseload categories receive Medicaid coverage in Oregon.

Oregon's health care system experienced significant changes in 2012 with the creation of coordinated care organizations (CCOs), which are accountable for delivering most Oregon Health Plan services. The coordinated care model emphasizes prevention, team-based ~~and~~ patient-centered care, and helping people manage chronic conditions which, in turn, helps reduce unnecessary and expensive medical services and supports healthy living. There are currently 15 CCOs operating in Oregon.

Non-Medicaid Behavioral Health: The Non-Medicaid Behavioral Health budget supports critical elements in Oregon's community behavioral health system, which serves as a safety net for all Oregonians regardless of health care coverage. A significant portion of non-Medicaid services is provided through community mental health programs and alcohol, drug and gambling addiction treatment providers. An important focus of the non-Medicaid system is to respond to individual and community crises and meet immediate behavioral health needs. Non-Medicaid funds also support OHP members through the purchase of social support services not included in the Medicaid benefit package, such as outreach and peer-based recovery.

The services provided through Non-Medicaid Behavioral Health must be in compliance with an agreement reached with the United States Department of Justice (USDOJ) in 2012. This agreement requires the state to take steps to better provide individuals with serious and persistent mental illness with the critical community services necessary to help them live in the most integrated setting appropriate to their needs and achieve positive outcomes.

The overall Health Systems Division budget, including Medicaid, Non-Medicaid Behavioral Health, and related administration, totals \$16,183.3 million, which represents a 9.5 percent increase from the 2017-19 Legislatively Approved Budget. The recommended General Fund



budget is \$1,568.5 million, which represents a 14.1 percent increase from 2017-19. The increased level of funding is primarily a result of the investments for Regional Assessments, Rental Assistance, Suicide Prevention, Community Mental Health Services, and expanding Hepatitis C treatment. Other key investments in this division include \$6.7 million General Fund to replace OHA's outdated behavioral health data systems and \$9.1 million General Fund to backfill declining Other Funds revenue for Non-Medicaid Behavioral Health. The budget also eliminates the Graduate Medical Education Program, resulting in General Fund savings of \$23.8 million. In the Governor's investment plan, this program is restored in full.

Health Policy and Analytics

Health Policy and Analytics (HPA) provides policy support, technical assistance and access to health information statistics and tools to all organizations and providers participating in Oregon's health system transformation. The key functions of HPA are: Health Policy; Clinical Improvement Services; Health Analytics; Health Information Technology; Business Support; and PEBB and OEBC, which are operationally situated in HPA but have separate budget structures. Additionally, the Governor's Budget establishes the Office of Child Health within HPA to help improve long-term health outcomes for the prenatal through age five population.

HPA is largely supported by federal Medicaid dollars matched with General Fund. The program also receives Federal Funds from the Health Resources and Services Administration Primary Care grant and Health Information Technology Electronic Health Record funds. HPA receives Other Funds revenue from various grants and fees. The Governor's Budget for HPA totals \$195.3 million, which represents a 7.1 percent increase from the 2017-19 Legislatively Approved Budget. The General Fund budget is \$51.3 million, which represents an 18.2 percent increase from 2017-19. The change in General Fund is largely due to the Governor's investments in CCO 2.0, the creation of the Office of Child Health and investment in Intensive In-Home Behavioral Health Services.

Public Employees' Benefit Board (PEBB)

PEBB designs, contracts for, and administers health plans, group insurance policies, and flexible spending accounts for state and university employees and their dependents, for nearly 140,000 Oregonians. In 2006, PEBB moved toward self-insurance, which gives the Board more flexibility in plan design to meet specific goals, which contributes to the Board's success in keeping premium increases low.

The PEBB budget is funded entirely with Other Funds revenue from premiums collected for insured individuals, a significant portion of which comes from General Fund resources paid by other state agencies for their premium costs. Consistent with the state's strategy for transforming health care and bending the cost curve, PEBB holds annual growth in per member costs to 3.4 percent.

Similar to the Oregon Health Plan, a key part of PEBB's strategy to improve health outcomes and bend the cost curve relates to promoting the coordinated care model (CCM) through the use of patient-centered primary care homes, which focus on primary care and prevention. CCM plans provide an opportunity for reducing utilization of unnecessary services, improving coordination of disease management across providers, and using innovative reimbursement models.

The Governor's Budget for PEBB is \$2,099.7 million, which represents a 6.8 percent increase from the 2017-19 Legislatively Approved Budget. The budget invests in PEBB's share of a planning project to replace the legacy benefit management systems of both PEBB and OEBB with a modern solution.

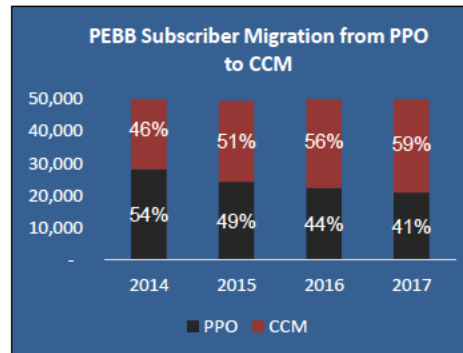
Oregon Educators Benefit Board (OEBB)

OEBB designs and administers medical, dental, vision, and other benefits for more than 130,000 employees, retirees and their family members in Oregon's K-12 school districts, education service districts, and community colleges. OEBB's goal is to provide high-quality benefits for its members at the lowest possible cost, and to work collaboratively with members, entities and insurance carriers to further advance the triple aim of health care. As with PEBB and the Oregon Health Plan, OEBB limits annual premium increases to no more than 3.4 percent per member per year.

OEBB has controlled costs by using alternative payment models, offering its members a wide-range of plans, and—much like PEBB—encouraging the migration from preferred provider organization plans to coordinated care model plans. The OEBB budget is funded entirely by Other Funds revenue from members' premium payments. The Governor's Budget for OEBB is \$1,740.4 million, which represents a 6.8 percent increase from the 2017-19 Legislatively Approved Budget. Similar to PEBB, the budget invests in OEBB's share of the planning project to replace the PEBB and OEBB benefit management systems.

Public Health Division

The Public Health Division promotes health and prevents the leading causes of death, disease and injury in Oregon. Public Health does this by administering a variety of programs addressing behavioral and social drivers of health, and by working to ensure the physical and social environments promote health and make it easier for people to make healthy choices. Oregon's public health system includes federal, state, counties and local agencies, private organizations and other partners. Public Health operates some programs directly and funds and coordinates



other programs through local health departments across the state.

Public Health is funded primarily through federal funds, including over 120 grants categorically dedicated to specific programs, such as emergency and hospital preparedness, cancer prevention and control, and safe drinking water. Public Health also collects Other Funds through various fee-based programs, including newborn screening tests, licensing of hospital and inpatient care facilities, registration and inspection of x-ray equipment, testing and certification of emergency medical technicians, registration of medical marijuana cardholders, growers and dispensaries, and fees for issuing certified vital records.

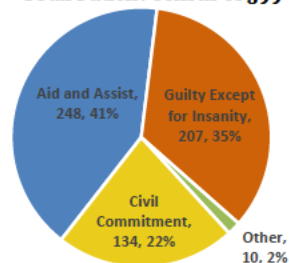
The Governor's Budget for Public Health totals \$725.4 million, which represents an 18.6 percent increase from the 2017-19 Legislatively Approved Budget. The General Fund budget is \$83.3 million, which represents a 28.3 percent increase from 2017-19. The budget supports the Governor's investments for Universal Home Visiting and Public Health Modernization. The budget also supports the purchase of a strategic stockpile of Naloxone to save lives in fighting the opioid epidemic and maintains support for county public health authorities by backfilling decreasing Other Funds revenue with \$5.5 million General Fund.

Oregon State Hospital

The Oregon State Hospital (OSH) is an integral part of the statewide behavioral health system by providing psychiatric care for adults at OSH's Salem and Junction City campuses. The hospital's primary goal is to help people recover from their mental illness and return to life in their communities. OSH's two campuses currently have the capacity to serve up to 766 individuals, with 592 beds in Salem and 174 beds in Junction City. Patients receiving treatment in OSH fall into one of the following three commitment types:

- Civil Commitment - people who have been found by the court system to be an imminent danger to themselves or others, or who are unable to provide for their own basic health and safety needs due to their mental illness.
- Guilty Except for Insanity – people who committed a crime and are found by a court to be guilty except for insanity.

**Oregon State Hospital
Total Patient Census of 599**



- Aid and Assist – people who have been arrested but have been found unable to participate in their legal proceedings due to a mental illness and are in need of treatment to help them understand their criminal charges and “aid and assist” in their own defense.

OSH’s services include 24-hour on-site nursing, psychiatric treatment, pharmacy, laboratory, food and nutritional services, and vocational and educational services. To ensure only people who need hospital-level care are admitted, a robust array of preventive, treatment and crisis services must be available in local communities. The community behavioral health system must also have sufficient capacity to provide services and support once patients at the State Hospital return to their communities. Any restrictions within this continuum can result in a backup of the behavioral health system.

The 2019-21 Governor’s Budget for OSH totals \$608.1 million, which represents an 8.3 percent increase from the 2017-19 Legislatively Approved Budget. The General Fund budget is \$500.8 million, which represents a 7.9 percent increase from 2017-19. As discussed above, the Governor’s Budget supports opening a 25-bed unit at the Junction City campus for 12 months as a stop-gap measure to appropriately treat the current high-level of Aid and Assist patients. As part of this strategy, the budget also invests \$7.6 million General Fund in the Health Systems Division budget to create additional treatment capacity in local communities, which will enable the new unit to eventually draw down its population and close.

Central Services

Central Services provides the leadership and business support to achieve the agency’s mission. This budget structure supports the following functions:

- Director’s Office – responsible for the overall leadership, policy development and administrative oversight for the agency.
- External Relations – responsible for building strong relationships with the public, media, legislature and other agencies at the state and federal levels.
- Agency Operations – provides operational support and human resources services to OHA.
- Fiscal Operations – provides oversight of financing policies and coordinates budget development and execution for OHA.
- Office of Equity and Inclusion – works on behalf of OHA and the broader health system in the state to ensure the elimination of avoidable health care gaps.

Central Services is funded based on a federally approved cost allocation plan where programs are charged for the services they use. The Governor’s Budget for Central Services totals \$36.9 million, which represents a 0.6 percent increase from the 2017-19 Legislatively Approved Budget. The General Fund budget is \$28.2 million, which represents a 14.6 percent increase from 2017-19 Legislatively Approved Budget.

Shared Services

Shared Services supports certain business functions for both the Department of Human Services (DHS) and OHA under a joint governance agreement. Shared Services contains the Office of Information Services (OIS) and the Information Security and Privacy Office (ISPO). OIS provides information technology systems and services for nearly 16,000 staff at numerous

locations across the state. ISPO provides information security services by using business risk-management practices to protect confidential information and educating staff and agency partners on how to protect this information and report incidents when they occur. The functional scope of this office continues to change with the implementation of Senate Bill 90 (2017), which centralized certain information technology security functions within the Office of the State Chief Information Officer.

Shared Services is funded entirely by Other Funds transferred from different OHA and DHS programs through a federally approved cost allocation plan. The 2019-21 Governor's Budget for Shared Services totals \$176.6 million, which represents a 6.0 percent increase from the 2017-19 Legislatively Approved Budget.

State Assessments and Enterprise-wide Costs

State Assessments and Enterprise-wide Costs (SAEC) is the budget structure for payments to the Department of Administrative Services (DAS) and third parties for goods and services serving the entire agency, such as rent, state data center charges, DAS risk assessment, state government service charges, unemployment assessments, mass transit taxes, computer replacement and debt service.

SAEC is funded based on cost allocation statistics to determine the distribution of expenditures and the revenue distribution by General Fund, Other Funds and Federal Funds. The Governor's Budget for SAEC totals \$282.7 million, which represents 3.9 percent increase from the 2017-19 Legislatively Approved Budget. The General Fund budget is \$209.5 million, which represents a 9.2 percent increase from 2017-19.

From: [MACDONALD Thomas * DAS](#)
To: [EDLUND Tina * GOV](#)
Subject: FW: Alternative to Opening JC Unit
Date: Tuesday, November 20, 2018 3:17:00 PM

From: Ames Linda L [mailto:Linda.L.Ames@oregonlegislature.gov]
Sent: Monday, November 19, 2018 12:04 PM
To: EVANS JANELL R <janell.r.evans@state.or.us>; Swanson John A <John.A.SWANSON@dhsosha.state.or.us>; GABEL CODY W <cody.w.gabel@state.or.us>; LOGAN MICKY F <micky.f.logan@state.or.us>
Cc: MACDONALD Thomas * DAS <Thomas.MACDONALD@oregon.gov>; To Kim <Kim.To@oregonlegislature.gov>
Subject: Alternative to Opening JC Unit

Based on the information I heard on Friday, and in particular the management actions the hospital has already taken of switching a civil unit to A&A, I am finding it very hard to recommend opening a ward in JC.

That said, I am wondering about some one-time resources for the community instead. For instance, what if the EBoard approved \$1 million to add to the pot you have for working with counties on Aid and Assist. Would that be useful? In the remaining 6 months of the biennium, what sort of things could you fund that could help? Some specific examples would be helpful. Or would part of the money to OHA make more sense?

We would structure it as one-time, only because your policy package for 2019-21 would be under consideration during the session, and presumably whatever came out of that would be the money for next biennium. Perhaps the \$1 million could serve as a transitional funding source.

If you have other ideas, please let me know. I am looking for a reasonable solution.

I will be out of the office the rest of this week, so if you could have something to me by Monday, the 26th, that would be very helpful.

Thanks very much,
Linda

Linda Ames
Legislative Fiscal Office
503-986-1816

From: [NASS Kate * DAS](#)
To: [BLOSSER Nik * GOV](#); [KORESKE Debbie * GOV](#)
Cc: [NAUGHTON George M * DAS](#); [BALL Dustin * DAS](#)
Subject: Things to think about over the weekend...
Date: Wednesday, November 21, 2018 2:57:35 PM
Attachments: [Governors Budget - Q and A Final Draft.docx](#)
[Updated Budget Tour Presentation 11-20-18.pptx](#)
[Proposed Budget Release Presentation 11-20-18.pptx](#)

Hi Nik and Debbie,

Now that the budget is finalized from a numbers perspective (and we are really close to getting documents to the printer) attached are three documents we would love for you to think about over the weekend.

1. Draft Q&As – this is a list of questions that we think might come up at the release? This is just us thinking of questions and may be too long, but we wanted to be more comprehensive knowing we can take some out before sharing.
2. Updated slides from the roadshow this spring – no changes; just updated to current forecasts.
3. New slides – we think this is a better version than the deck used in the spring and would recommend using something like this next week.

Let us know your thoughts...
k

[Kate Nass](#)

Deputy Chief Financial Officer

Office: 503.378.5442 | Mobile: 503.871.0974

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Department of Administrative Services

Chief Financial Office
155 Cottage Street NE U10
Salem, OR 97301
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MEMORANDUM

To: Nik Blosser, Governor's Office
From: George Naughton, Chief Financial Officer
Date: November 26, 2018
Subject: Question and Answers – Governor's Budget Release

Here are some questions and model answers we would recommend for Wednesday.

General Budget Questions

1. What is the overall size of the budget?
 - a. I am proposing a \$23.8 billion General Fund/Lottery Funds Budget.
 - b. It is also \$83.5 billion total funds.
2. What happened to the budget hole, and how were you able to balance this budget without significant cuts?
 - a. There are significant policy choices in this budget. We had to fix a \$620 million gap, which included our biggest challenge in health care, where OHA's General Fund/Lottery Funds were projected to grow by 44% (\$957 million). That is unsustainable and we had to change it. This summer, I convened a group of health care partners, and they came up with a health care funding package, which includes \$632.5 million in new revenue for OHP from Hospital Assessments, Insurance Tax at 2%, Subsidized Employer Assessment, and increased Tobacco Taxes. This proposal is in my budget and allows us to bring the overall budget into balance.

Beyond controlling health care growth, I had to make some hard policy choices. We have been bleeding our K-12 system for years, and it has to stop. I am making strategic investments in schools and programs that serve children and families, by holding some programs to current funding levels and eliminating funding for others:

- i. Public Universities and Community Colleges were held at current funding levels
- ii. HECC – No longer funding Sports Lottery (\$8.2 million)
- iii. HECC – No longer funds ETIC (\$25.6 million)

But these changes are not enough. We cannot achieve the Oregon we want with our current revenue structure. In addition to my budget, I am calling on the Legislature to make significant investments in our education system. I am calling on them to fully fund

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a 180 day school year, reduce class sizes for grades K-3, expand pre-school for another 10,000 kids, and increase our investments in higher education. Today, I am rolling out this investment plan, not only for what we can do today, but what we want to be for the future.

3. Does the budget include new revenue? Where does it come from?
 - a. This budget includes over \$136 million in increased revenues that would go to the General Fund and an additional \$633 million related to the Oregon Health Plan. This totals \$769 million. The changes include:
 - i. General Fund Revenues:
 1. Restricting the preferential tax rate of the Partnership – Pass-through treatment to \$1 million and imitating it for specified service businesses as it is now done with the federal deduction on pass-through income. These changes are anticipated to generate \$45.9 million.
 2. Eliminating the “Gain Share” transfer to counties will provide savings of \$33.1 million.
 3. Adding 5 new steps to the existing corporate minimum tax structure will increase corporate tax revenues by \$31.3 million.
 4. Increasing the OLCC markup on distilled spirits and increasing liquor licensing fees will generate \$26.3 million. Server permits are held harmless in this proposal to protect hard working individuals who can least afford to pay more.
 - ii. Oregon Health Plan Revenues:
 1. Hospital Assessment – Increases the fully reimbursable Hospital Assessment structure from 5.3% to 6.0% for \$98 million
 2. Insurance, Managed Care, and Stop-Loss Assessment – Reinstates and increases the Insurance/Managed Care tax to 2.0% and assesses stop-loss policies for \$410 million, which includes \$90 million for the Oregon Reinsurance Program
 3. Tobacco Taxes – increases the cigarette tax by \$2 per pack, extends the wholesale tax on “other tobacco products to vaping products, and increases other tobacco taxes (e.g. little cigars, moist snuff) for \$108.6 million, of which \$95 million supports the Oregon Health Plan and \$13.6 million supports Public Health Modernization
 - b. My Investment Plan calls for an additional \$1.9 billion in new spending. There are several viable options on how to address this, and I am committed to working with Legislative Leadership to make this investment plan a reality. I am not rolling out a specific revenue package today because I do not want to preempt any of the revenue options available to the Legislature.
4. Why do you sweep money from the PEBB stabilization fund in your budget?
 - a. This money is available because the state has successfully reduced health care costs. Since moving to a self-insurance model in 2010, the Public Employees Benefit Board (PEBB) has experienced lower health care costs compared to premiums collected,

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increasing the balance in the PEBB stabilization Fund. The ending balance for the fund is above target levels outlined by the Board's actuary and excess funding of \$50 million is transferred to the General Fund to support the overall costs of compensation increases for state employees.

5. What exactly is the Partnership Passthrough?

- a. In 2013, the Oregon Legislature created a lower tax rate for non-passive Partnership income (basically the profits from the business that are not salary and are not passive investment income). This change went into effect in 2015. This tax change happened as part of the grand deal on PERS reform, the PERS portion of which was later overturned by the courts. With a tight fiscal environment, we can no longer afford to give this preferential treatment to high net worth individuals.

6. Are you spending all of the available bonding capacity?

- a. No. Lottery Bond capacity is fairly tight next biennium, so we are recommending the Legislature allocate most of that capacity, leaving about \$3.8 million available. However we left \$485.3 million in General Fund capacity unspent; of this \$225 million is reserved for Public Universities to be authorized in the 2020 Legislative Session once universities complete an updated 10-year strategic capital plan.

Given the expected economic slowdown, I will be working with the Legislature to leave bonding capacity available as an economic resource to deploy throughout Oregon, adding projects and jobs to communities when they need them.

7. Have you proposed any changes to the PERS system?

- a. I have long said that I would consider PERS reforms that are fair and would pass constitutional muster. The reforms that were proposed in 2013 were struck down by the Oregon Supreme Court, which has significantly limited our options to make changes to pension benefits. Our problem now is a legacy problem for people who are already retired and investment returns coming in lower than the assumed earning rate. I have proposed a different approach to the problem than cutting benefits, which is looking at how we fund our pensions long-term, especially for our school districts. I agree with the approach that the legislature took in 2018 with SB 1566 to look for one-time sources of funding that could be set aside to pay for the PERS benefits that employees have earned. While more is needed, my budget includes an additional \$100 million down-payment into the fund we set up to pay down the unfunded PERS costs for school districts. I am also open to discussions about risk sharing with our employees.

8. How much do you leave in the Ending Balance?

- a. We left \$200 million General Fund in the ending balance. I would like to have a little more in the ending balance, but by the end of the 2017-19 biennium we are also projected to have about \$1.2 billion in our reserve accounts, the Education Stability Fund and the Rainy Day Fund. The balance of these two accounts will be about \$1.7 billion by the end of the 2019-21 biennium.

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Education Questions

9. What is your budget for K-12 Education?
 - a. We have almost \$9.0 billion in the State School Fund. Also, PERS has \$100 million for the school district unfunded liability fund to help stabilize school district PERS rates.
 - b. The budget includes additional investments to close the opportunity gap – including funding for African American/Black Student Success State Plan, adds resources for the American Indian/Alaska Native State Plan, and continues funding the tribal history and sovereignty curriculum.
 - c. We maintain the current level of services for preschool and increase funding for child care quality and quantity, including
 - i. \$17.6 million in state and federal funding for child care resources, including additional licensing staff, child care infrastructure such as resource and referral and early learning hubs, and \$10.8 million for Employment Related Day Care.
 - ii. \$14.8 million in state funding for increasing available infant toddler childcare (\$4.3 million for infrastructure such as child care resource and referral and \$10 million for infant toddler slots).
 - iii. \$10 million for the Educator Advancement Council for early childhood educator professional development.
 - d. We continue the current level of funding (2017-19 LAB) for CTE and graduation rate improvement under Measure 98 – this is \$170 million.
 - i. This equals \$475 per student per year; M98 set the minimum annual amount at \$800 per student per year. Which is funded in the investment plan.
10. Why are you not fully implementing M98, which passed with 65% of the vote?
 - a. Fully funding M98 is included in my needed investment plan; there isn't enough revenue to fund the State School fund at the Enhanced CSL, invest in child care and fund Measure 98.
11. What is the investment plan for preschool to grade 12?
 - a. The much needed investment includes:
 - i. \$285.8 million for 6,580 Preschool Promise slots, 3,420 enhanced OPK slots, and 3,500 children served by the Equity Fund.
 - ii. \$793.7 million for the School Improvement Fund which will pay for a full school year and K-3 class size reductions for districts not already at QEM recommendations, and other initiatives for districts already at QEM standards.
 - iii. Career and Technical:
 1. \$133 million to fully fund Measure 98.
 - iv. \$9.2 million to restore and double funding for Farm to School
12. What is included in the budget for student financial aid?
 - a. My budget includes:
 - i. Oregon Opportunity Grants are funded \$152 million General Fund and Lottery Funds, which essentially fund the program at the 2017-19 biennium.

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- ii. Oregon Promise is fully funded at \$21.5 million General Fund for the 2019-20 academic year. The Governor's investment plan would add \$20 million to fund the 2020-21 academic year.
13. What is in the budget for university and community college operations?
- a. Funding for the following is maintained at the 2017-19 legislatively approved level:
 - i. Public University Operations and Student Support: \$736.9 million,
 - ii. Extension Service and Forest Research Laboratory: \$81.9 million.
 - b. Funding for the following are below the 2017-19 legislatively approved level:
 - i. Community College Support Fund: \$543 million (this is 4.7% below LAB, due to higher anticipated local property taxes, which offset General Fund).
 - ii. Funding for the Agricultural Experiment Station: \$66.1 million (slightly below LAB due to phase-out of one-time projects funded in 2017-19).
 - iii. Funding for the Public University State Programs: \$14.8 million (this is 67.9% below LAB due to eliminating ETIC).
 - c. The Outdoor Schools Program is funded for one year, with full restoration in my Investment Plan.
 - d. Funding for the Sports Lottery program is eliminated, but fully restored and enhanced in my Investment Plan
14. Why did higher education take such a large reduction?
- a. Difficult choices had to be made in order to fund early learning programs and the K-12 system at a level to improve outcomes. However, the investment plan provides a substantial increase, in higher education related funding. The investment package:
 - i. Adds \$120 million to public university support fund to keep tuition increases at or below 5% (this amount brings fund to \$856.9 million);
 - ii. Adds \$103.7 million to community college support fund to keep tuition increases at or below 3.5% (this amount brings fund to \$646.7 million).
 - iii. Restores ETIC for \$25.6 million and adds \$34.4 million more (bringing total to \$60 million);
 - iv. Adds second year of funding for Outdoor School (\$22.8 million);
 - v. Adds \$20 million to statewide services (Agricultural Experimental Station, Extension Service, Forest Research Laboratory, and Public University State Programs);
 - vi. Adds \$70 million for expansion of CTE at Community Colleges;
 - vii. Adds \$10 million to establish a University Innovation Fund;
 - viii. Nearly doubles the Oregon Opportunity Grant with an additional \$121.5 million;
 - ix. Adds second year of funding to Oregon Promise (\$20 million)
 - x. Restores and enhances the sports lottery fund at \$14.1 million;
 - xi. Restores \$3.1 million in funding for OHSU education and rural programs, the Child Development and Rehabilitation Center, and the Oregon Poison Center to bring the programs back to CSL;
 - xii. Adds \$10 million for a Rural Health Workforce initiative;
 - xiii. Adds \$23.8 million for Graduate Medical Education through OHA, mostly for OHSU;
 - xiv. Provides \$15 million for campus safety improvements;

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- xv. Provides \$2.6 million for a Career Navigation initiative; and
- xvi. Adds \$15 million for an Oregon Youth Employment Program as part of Future Ready Oregon.

15. What is in the budget for university and community college capital projects?

- a. The budget includes 16 projects, benefiting all seven public universities and nine community colleges, totaling \$240.7 million in projects costs, that would be financed with proceeds from the sale of general obligation bonds.
- b. Projects include initial funding for the Eastern Oregon University Inlow Hall Grand Staircase; a new residence hall at Eastern Oregon University; a new residence hall at Portland State University; funding for land acquisition for a new University Center Building at Portland State University, funding for an earthquake detection system (ShakeAlert) at the University of Oregon, and continuing funding for capital improvement and repair projects for the universities.
 - i. \$225 million of General Fund capacity is reserved for public universities once a completed 10-year strategic capital plan and return to the 2020 Legislative Session.
- c. Projects were also funded for Blue Mountain Community College, Clatsop Community College, Central Oregon Community College, Klamath Community College, Lane Community College, Mount Hood Community College, Oregon Coast Community College, Southwestern Oregon Community College, and Umpqua Community College.

16. What are you doing about campus safety?

- a. The Governor's Investment Plan (not in budget) includes \$15 million for campus safety and security improvements at Universities and Community Colleges.

Health Care Questions

17. Does the budget reduce Oregon Health Plan (OHP) eligibility or benefits for members?

- a. No, the budget makes no adjustments to the eligibility levels or benefits provided to OHP members.

18. Are there any new programs to expand health care in the state?

- a. Yes. The Governor's Budget includes \$10 million General Fund and \$85 million in federal matching funds to expand Hepatitis C treatment to Oregon Health Plan members who have any stage of the disease. The budget also includes several other investments in the Oregon Health Authority to expand health care services, especially to children. These include investments in: a) Intensive In-Home Behavioral Health Services; b) Universal Home Visiting; and c) School Based Mental Health Services (with a focus on suicide prevention).

19. How will PEBB/OEBB and OHP limit cost growth from market trends as outlined in your budget?

- a. All cap annual cost growth at no more than 3.4 percent per member per year. PEBB and OEBB also continue to incentivize the migration of members from traditional PPO plans to coordinated care plans, which helps reduce premium costs through a more focused

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approach on primary care, prevention, and integrated care. The budget also makes investments to address the underlying costs of health care, such as by advancing Behavioral Health integration and data improvements to help contain prescription drug costs.

20. Aside from the OHP revenue package, does your budget do anything that further impacts the funding of OHP stakeholders?
 - a. Yes. The budget further reflects shared responsibility for sustainably funding OHP and preserving OHP services and eligibility, the budget implements the following cost-savings measures:
 - i. Oregon Health and Sciences University (OHSU) – the budget maximizes the level of revenue available through the intergovernmental transfer (IGT) agreement established in 2017-19. The budget also increases OHSU’s contribution to the IGT beyond the current agreement, which results in an additional \$25 million available to maintain OHP services.
 - ii. Graduate Medicaid Education (GME) – the budget eliminates the “non-leveraged” component of the GME program, which currently helps offset costs at 11 teaching hospitals in Oregon. This saves the state \$23.8 million however is funded in the investment plan. *Note: the budget maintains the component of GME that is leveraged with funds provided by OHSU.*
21. What state revenues support OHP in your budget?
 - a. In addition to General Fund, OHP is also funded by Hospital Assessments, the reinstated/increased Insurance and Managed Care tax, the new Subsidized Employer Assessment, the OHSU intergovernmental transfer agreement, Tobacco Taxes, Tobacco Master Settlement Agreement revenue.
22. Does your budget fully support operations of the Oregon State Hospital in Salem and Junction City?
 - b. Yes. In addition to maintaining the existing funding level at the Salem campus, the budget supports opening a 25-bed unit in Junction City for the first 12 months of 2019-21 in order to address a prolonged increase in the level of Aid and Assist patients sent to the State Hospital for treatment according to court orders. As part of a longer term strategy, the budget invests \$7.6 million to increase the capacity of county mental health programs to treat more patients in lieu of sending patients to the State Hospital for costly institutionalized care.
23. What investments do you make for increased access to community mental health services?
 - a. \$7.6 million General Fund to increase capacity at the county level to treat additional patients Aid and Assist patients as opposed to sending them to the State Hospital
 - b. \$9.1 million General Fund to backfill declining tobacco tax and Tobacco Master Settlement Agreement funding, which maintains the existing level of services
 - c. \$17.7 million General Fund to replace one-time Tobacco Tax carryover revenue used to enhance services in 2017-19 (this was a CSL adjustment, but makes the 2017-19 enhancement on-going despite originally being funded with one-time revenue)

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24. What investments are you making to address the opioid epidemic in the state?
- a. The budget supports a robust Addictions and Recovery Agenda through the following investments:
 - i. Two-Gen Approach to Treatment (Project Nurture) - \$5 million to expand prenatal and post-partum treatment and support for mothers
 - ii. Telehealth and Efficient forms of Treatment (Project ECHO) - \$2.4 million to support telehealth and efficient forms of treatment, which will help expand treatment access, especially in rural areas
 - iii. Housing Assistance - \$4.5 million in rental assistance and substance use disorder wraparound services for partial biennium support upon the construction of 500 units of permanent supportive housing
 - iv. Behavioral Health Integration - \$5.9 million to incentivize providers to invest in foundational technology, especially behavioral health electronic health records, help adapt the primary care home model to advance integration within behavioral health settings, and improve access to evidence based pharmaceutical treatments and practice guidelines
 - v. Alternative Pain Modules - \$0.4 million to expand work to train providers in appropriate opioid prescription practices and alternative approaches to pain management
 - vi. Naloxone – \$0.5 million to purchase a strategic stockpile of Naloxone

Human Services Questions

25. What are you doing to address the challenges in the child welfare program?
- a. To prevent a loss of child welfare staff, the budget invests \$40 million General Fund in child welfare staff to address a reduction in federal funding available to support that program.
 - b. Provides resources to operate the centralized 24/7 Oregon Child Abuse Hotline using a new evidence based assessment tool for screeners that will more accurately identify children at risk; and funded additional research and analytics staff to address the department's child welfare research agenda.
 - c. The budget provides funding for legal representation of child welfare caseworkers statewide in 2019.
26. How many child welfare positions are funded in the budget?
- a. In the current biennia there are 2,922 positions in the Child Welfare Program. This budget funds 3,217 positions, an increase of 295 positions. Not all are caseworkers, but all positions support children and families. Direct caseworkers are approximately 190 of the 295 additional positions.
27. What are you doing to address the need for foster care resources?
- a. This budget (1) creates a team of caseworkers dedicated to recruiting and retaining foster families in all areas of the state (2) funds additional caseworkers to develop and deliver trauma informed and culturally appropriate training to foster parents and (3) expands the KEEP model statewide.

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28. What investments are being made for children within the DHS budget?
- a. To address the needs of foster children the budget increases the rates of providers in the Independent Living Program and expands the eligibility of youth and young adults served by that program; it also directs DHS to develop and implement trauma informed healthy relationships training for foster children (including sex education). The budget also provides resources to expand the CASA program.
 - b. The budget increases resources in the Employment Related Daycare (ERDC) program. The focus in this program is to provide quality child care. (this is federal funding)
 - c. Invested in creating a new program (\$24.5 million total funds, of which \$8.4 million is General Fund) for youth with specialized needs, based on recommendations from the Children with Specialized Needs Workgroup.
29. How are you limiting cost growth in seniors and I/DD?
- a. This is an area in which we continue to look at options, but are somewhat limited in cutting programs in light of legal actions taken against DHS in the 2017-19 biennium when service hours (not services) were reduced.
 - i. We will continue to see an increase in costs related to the care of seniors within the long-term care system simply based on demographics, which are out of our control.
 - ii. Within the I/DD program caseload growth has finally stabilized, since implementing the Community First Choice Option plan (K-Plan). We continue to work toward developing efficiencies within the program through combining multiple assessment tools into one assessment tool, which will also eventually be used to assess the number of hours for I/DD clients after determining eligibility.
30. What are you doing to address safety issues for vulnerable adults in the long-term care system?
- a. First, working toward bringing rates for Adult Foster Home providers for seniors up to par with Adult Foster Home providers providing support to people with mental health issues or individual with intellectual or developmental disabilities.
 - b. Second, providing rate increases to Assisted Living facilities, Residential Facilities, and In-Home care agencies people with intellectual or developmental disabilities.
 - c. Third, adding staff to DHS to survey facilities in order to meet required annual inspections, which will help ensure safety for vulnerable adults living in long-term care facilities.
31. What are you doing about Oregon's Housing Crisis?
- a. The Governor's Budget makes significant investments to family affordable housing and multi-family housing. There is a \$130 million investment in Local Innovation Fast Track housing (LIFT) which will help build new affordable housing for low income households; this is joined with \$30 million in Document Recording Fee revenue that will also be used for gap financing for new construction of affordable housing. There's also a \$25 million investment in multi-family housing preservation, and a \$15 million

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investment to keep naturally occurring affordable housing affordable for the families who live in it.

- b. The Governor's Budget includes a \$50 million investment in Permanent Supportive Housing, this type of housing combines non-time limited affordable housing with wrap around supportive services for people who are, or at risk of being, chronically homeless. This is coupled with an investment of \$4.5 million in the Oregon Health Authority to provide rental assistance payments for the new units.
- c. The budget also increases the Emergency Housing Assistance and State Homeless Assistance Program to \$50 million; and addresses child homelessness by investing \$14 million in a new program that provides housing and services to families to ensure they are stable over the long term, coupled with increasing the investment from the Department of Human Services Self-Sufficiency by \$6.5 million to serve the neediest families. It also invests \$20 million in tenant and landlord resources to provide training, legal resources, and to provide assistance to domestic violence/sexual assault survivors.
- d. The budget provides \$15 million to the Oregon Housing Accelerator to work with communities, employers and developers to accelerate the overall housing supply and ensure moderate income Oregonians can live where they work. The Department of Land Conservation and Development's budget contains \$1.4 of technical assistance resources to help communities get ready for development.
- e. The budget also contains \$22.2 million to address the housing needs of veterans. The funding will address emergency housing needs as well as permanent rental housing and home ownership for veterans.

Public Safety Questions

32. Does your budget invest in State Trooper presence?

- a. Oregon's growing population has demonstrated a need increase our State Trooper presence statewide. We have added funding and adjusted the State Police's budget to increase Trooper presence by over 40 positions statewide.
- b. Additional investments add a Forensic Anthropologist position to our Medical Examiner's office to focus on the 171 unidentified remains, of which 11 are children.

33. Does your budget fully fund community corrections?

- a. The budget continues to invest in the Justice Reinvestment Initiative by providing \$39 million in grant funding as a resource to help local communities find the best mix of services that will keep people from going to prison.
- b. There are reductions taken within the community corrections budget including a proposed change Oregon's Earned Discharge funding. Current budget calculations include an offender's full term of supervision. This change would modify Oregon's Earned Discharge statute to cease state budget responsibility for offenders released early - that is likely to provide \$10 million in state savings.
- c. The agency also requested a package of \$51 million based on a cost study for community corrections that did not move forward into my budget due to General Fund constraints.

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34. Does your budget open a new prison?

- a. No, the prison population forecast continues to predict declines in both male and female adults in custody through the next two years.

35. What are you doing to prepare Oregon for the big Cascadia earthquake?

- a. My budget continues our investments in infrastructure that will make schools and emergency responders able to withstand an earthquake. We are also proposing a \$12 million investment to build out the Shake Alert earthquake early warning system, and an investment in making sure our rural airports have the facilities and supplies they need to help Oregon recover from a seismic event. Here is a list of specific examples:
 - i. Seismic Rehab Grants – Schools: \$100 million G.O. Bonds.
 - ii. Seismic Rehab Grants – Emergency Service Buildings: \$20 mil G.O. Bonds.
 - iii. Shake Alert Early Warning System: \$12 million G.O. Bonds.
 - iv. Airport Logistical Staging Bases: \$10 million G.O. Bonds for airports, \$1.1 million for the Military Department
 - v. Ensuring 250,000 homes have 2-week ready supplies in the next three years by working with local governments and American Red Cross: \$1.6 million General Fund
 - vi. Plan for Critical Energy Infrastructure Hub in NW Portland: \$0.5 million General Fund
 - vii. DOGAMI Tsunami Inundation Zone Study: \$0.3 million General Fund
 - viii. Business Oregon Special Public Works Fund: \$16 million Lottery Bonds (of the total \$79.5 million) for Wallowa Lake Dam repair and replacement
- b. Department of Aviation: adds \$10 M in G.O. bonds for resiliency and other natural disaster preparedness for state-owned airports.
- c. DLCD: Continues funding of \$1.1 million for natural disaster preparedness planning.

36. What is being done to address air toxics in Oregon?

- a. The budget continues to invest in the Cleaner Air Oregon Initiative by providing monitoring staff and equipment to screen for toxic air pollution and conduct follow-up monitoring to identify the likely source and level of emissions and toxics at various locations around the state. The budget also provides resources to implement new health risk based rules that are in development. This is a joint effort with the Oregon Health Authority aimed at reducing public health risks arising from hazardous pollutants.

37. How does your budget address drought throughout the state?

- a. The budget invests \$2.8 M in an additional ground water basin study to better understand water resources, it also provides \$1.0 M in place-based planning to manage water resources based on geographical needs, and adds four regional field staff to manage water issues throughout the state.

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Other Questions

38. How many fee increases are you proposing for 2019-21 and how much do they raise?
 - a. As with every budget cycle, agencies that rely on fees for their financial support need to periodically raise fees to cover their costs. This budget includes 314 individual fees proposed for increase, generating about \$41.9 million for 2019-21.
39. What is being done to address DEQ permitting backlog?
 - a. The budget invests \$2.8 M and provides 35 additional positions to address permitting backlog.
40. What is being done to address climate change?
 - a. Climate change presents risks to water supplies, water and air quality, and increases the chance of devastating wildfires and drought. To address these risks, the Oregon Climate Authority has been established. This new agency will establish a carbon cap-and-trade market and take charge of greenhouse gas reporting. The Carbon Policy Office and the Oregon Department of Energy will cease operations and their statutory responsibilities will fold into the Oregon Climate Authority.
41. What will happen to the jobs at the Oregon Department of Energy?
 - a. Almost all positions at the Oregon Department of Energy will transfer to the Oregon Climate Authority. Ultimately the Legislature will determine the final placement of specific positions and programs.
42. What is Oregon doing to prevent catastrophic wildfires?
 - a. In recent years, Oregon has experienced increasingly severe wildfire seasons. The Oregon Department of Forestry, the Oregon State Fire Marshal and the Oregon Military Department have done an exemplary job keeping lives and structures safe from wildfires. To assist the Department of Forestry, the budget includes funding of \$0.4 million to engage a contractor, with input from a blue ribbon panel, to assist the department in designing an effective and sustainable organizational structure to adapt to the “new normal” for fire season.

Investments in Rural Oregon

43. What investments are you making in Rural Oregon?
 - a. Our approach to community and economic development recognizes the unique needs of each of Oregon’s regions and the importance of working locally to identify priorities, solve problems, and seize opportunities. Examples of specific investments targeted towards rural communities in Oregon include:
 - i. Investing \$15 million in bonding proceeds to Regional Solutions as a key resource to strategically align state resources with the local Regional Solutions Advisory Committees, Centers, and Teams.
 - ii. Investing in local infrastructure through the Special Public Works Fund capitalization of \$79.5 million – over 80% of this money goes to rural Oregon.

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- iii. Provides funding to address Oregon's need to understand and manage groundwater on a basin wide scale, and provides over \$30 million for water projects and feasibility studies so that communities and the state can proactively meet the challenges of drought, development and climate change.
- iv. Construction of a Center for Excellence in Engineering at the Oregon Tech campus in Klamath Falls
- v. Funding for capital construction projects for Umpqua Community College, Southwestern Oregon Community College, Blue Mountain Community College, Oregon Coast Community College, Rogue Community College, and Clatsop Community College.
- vi. ODFW: The budget adds \$1 million in funding for the Oregon Conservation Strategy, which aims to monitor, maintain and restore effective habitats for fish and wildlife populations. The jobs related to this initiative will be based in rural Oregon.
- vii. ODFW: \$1 million to fund Wolf Plan implementation
- viii. DLCD: The budget adds \$.5 million to develop a collaborative and coordinated work place that protects sage grouse habitat without undermining economic activity.
- ix. Health Care:
 - 1. Investments in telehealth - \$2.4 million to expand telehealth and efficient forms of treatment
 - 2. CCO 2.0 - \$1.9 million to help OHA achieve the goals of CCO 2.0, which includes identifying strategies for reducing disparities faced in Oregon's rural communities, especially in terms of poverty, housing, and transportation
 - 3. Public Health Modernization - \$13.6 million from increased Tobacco Taxes to ensures foundational public health protections are in place for every person in Oregon
- x. Veterans' Affairs - \$600,000 Lottery Funds to expand transportation services in rural areas for veterans medical services



Who are we serving?

Oregon Health Plan
1 million

Corrections
48k

Int./Dev.
Disabilities
26k

K-12 Students
575k

Supplemental
Nutrition
625k

Aging &
Disabilities
35k

Child Welfare
11k



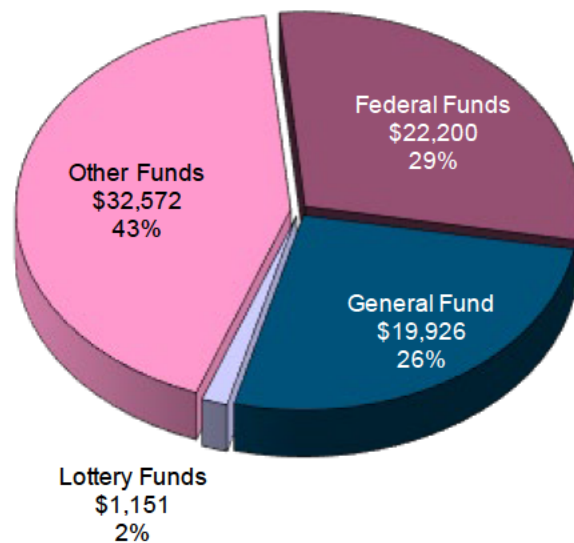
Legislatively Approved Budget 2017-19

Total Funds

(Through May 2018)

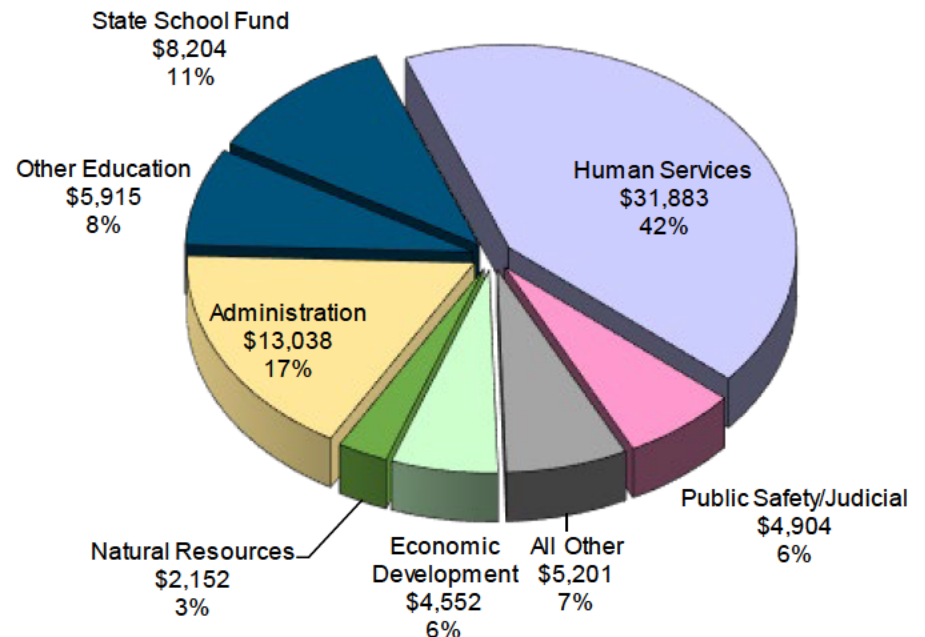
Resources Budgeted

Total: \$75,849 Million



Expenditures

Total: \$75,849 Million*



Note: Other Funds includes \$11 billion from the PERS investment fund for paying out to retirees under the Administration section in Expenditures.

*Numbers do not foot due to rounding.

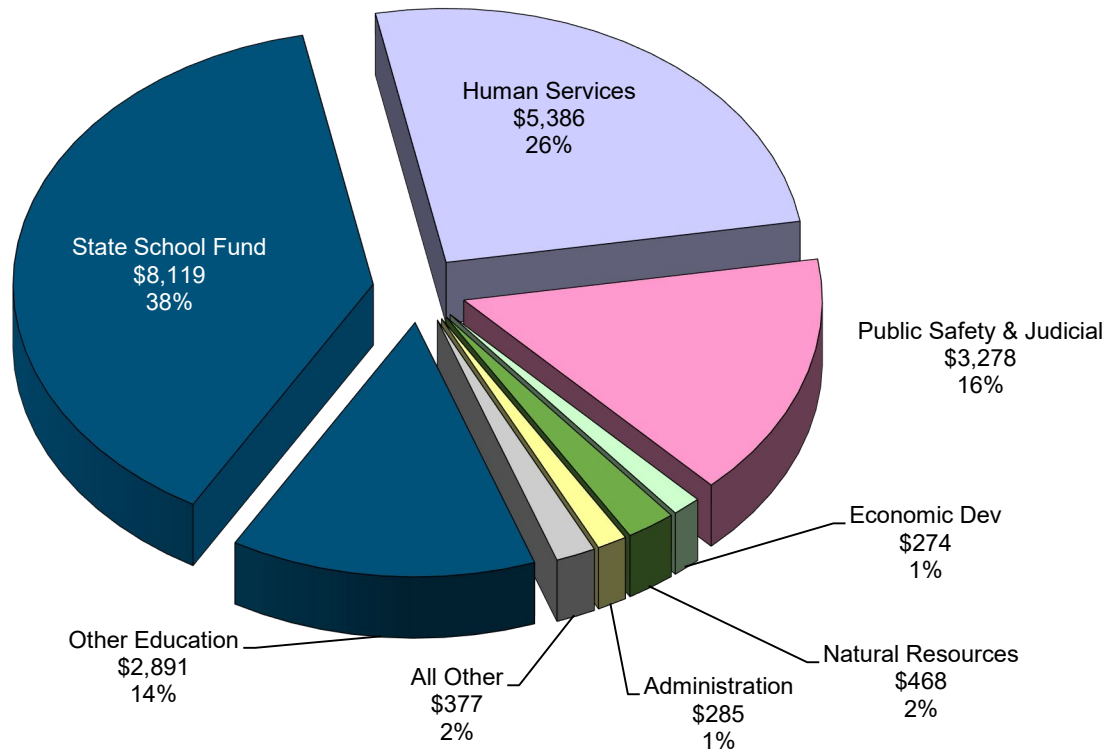


Legislatively Approved Budget 2017-19

General Fund and Lottery Funds Combined

(Through May 2018)

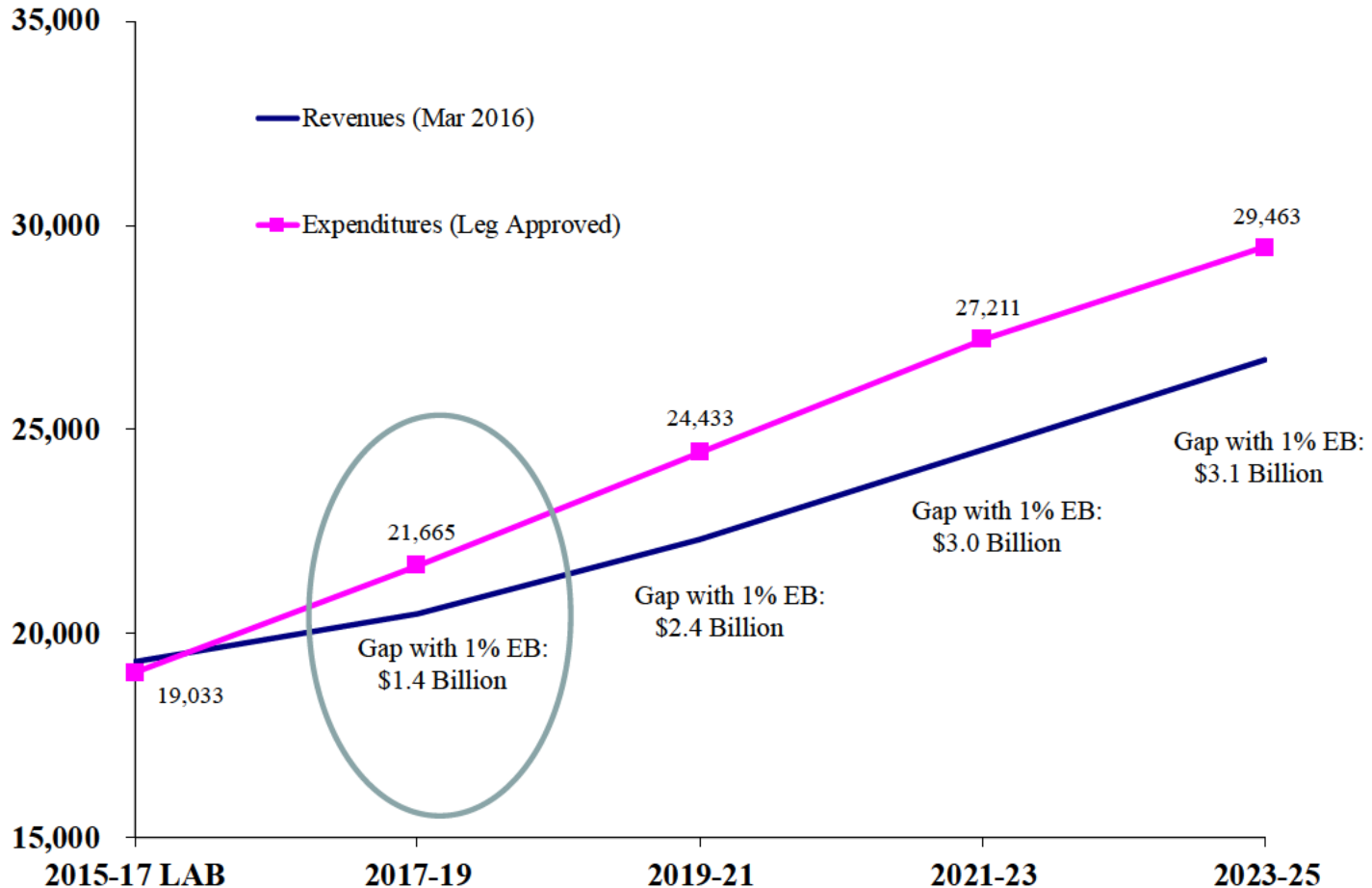
Expenditures Total: \$21,077 Million





2 years ago we faced a \$1.4 billion gap (and a \$2.4 billion gap for '19-21)

Long-term projections from 2016 Budget Kickoff Meeting





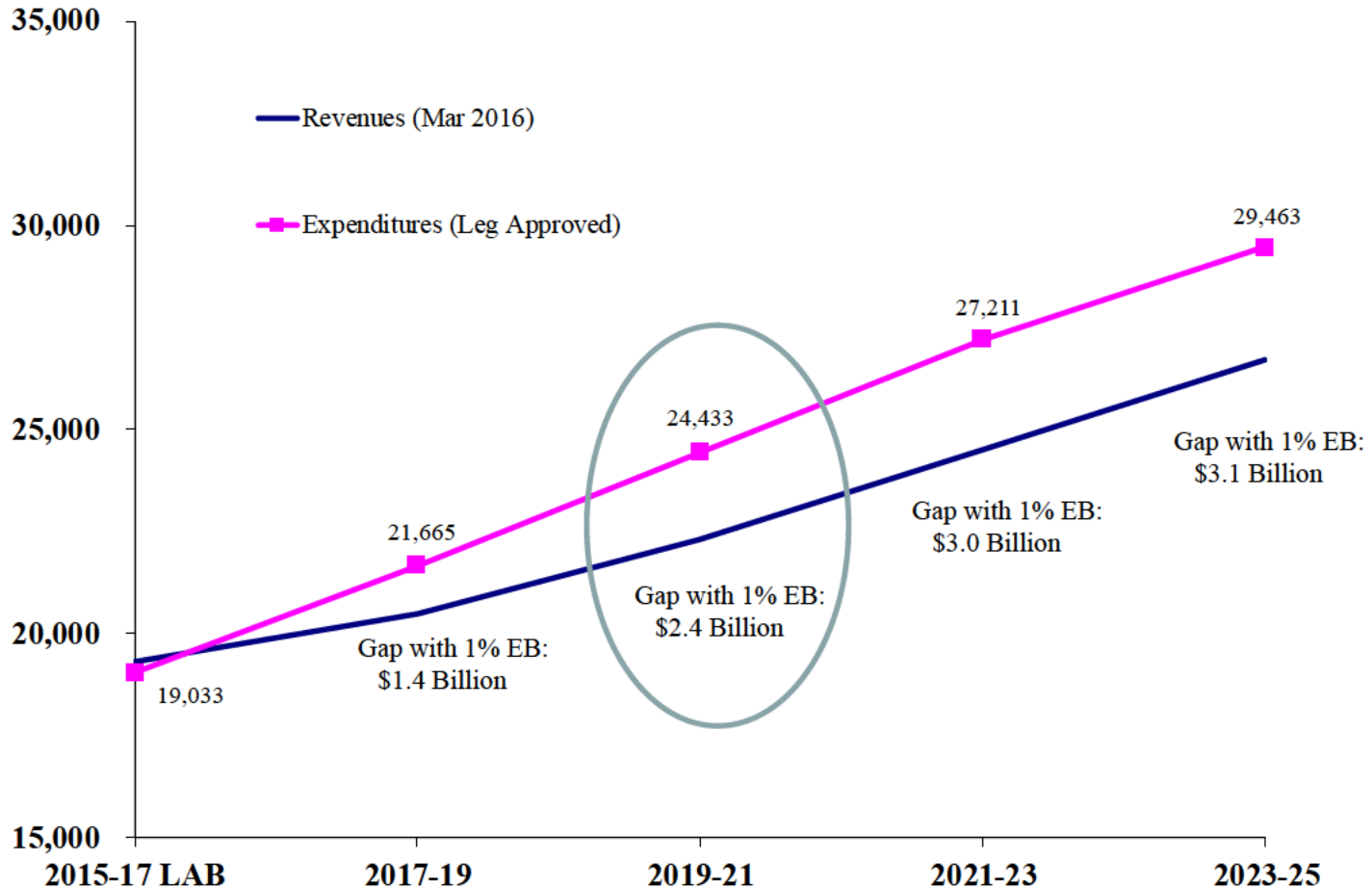
How did we close it?

- Revenue Forecasts went up (\$0.4 billion)
- Essentially flat funded the Oregon Health Authority (\$1.0 billion)
 - Including \$599 million of hospital and insurer assessments
- Across the Board Cost Containment Reductions (\$0.2 billion)
 - Hiring Slowdown
 - Eliminating most inflation
 - Travel reductions
 - Lower DAS and DOJ rates
- All Other Reductions (\$0.2 billion)



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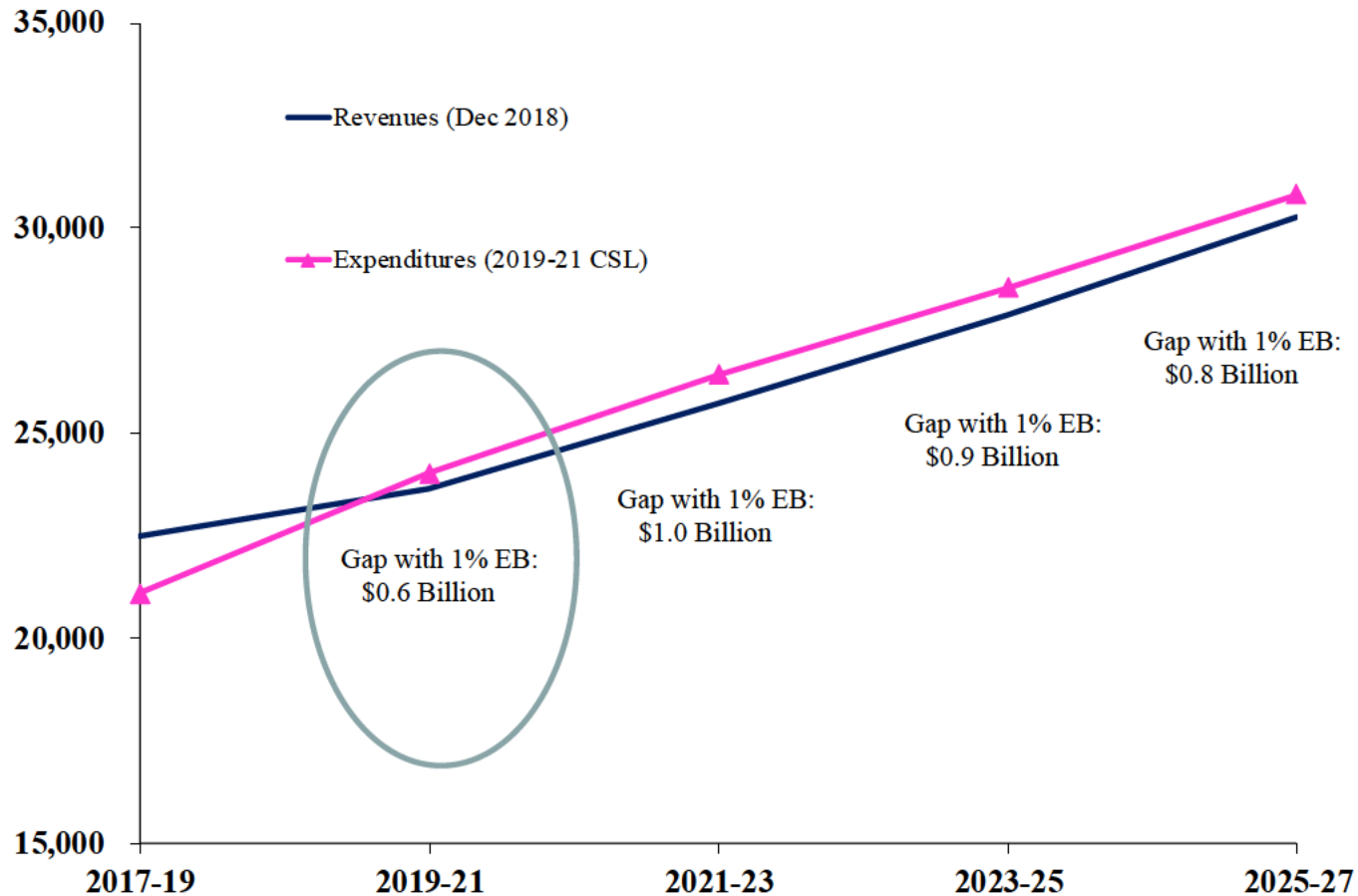
Long-term projections from 2016 Budget Kickoff Meeting





Good news: that \$2.4 billion gap is now much less

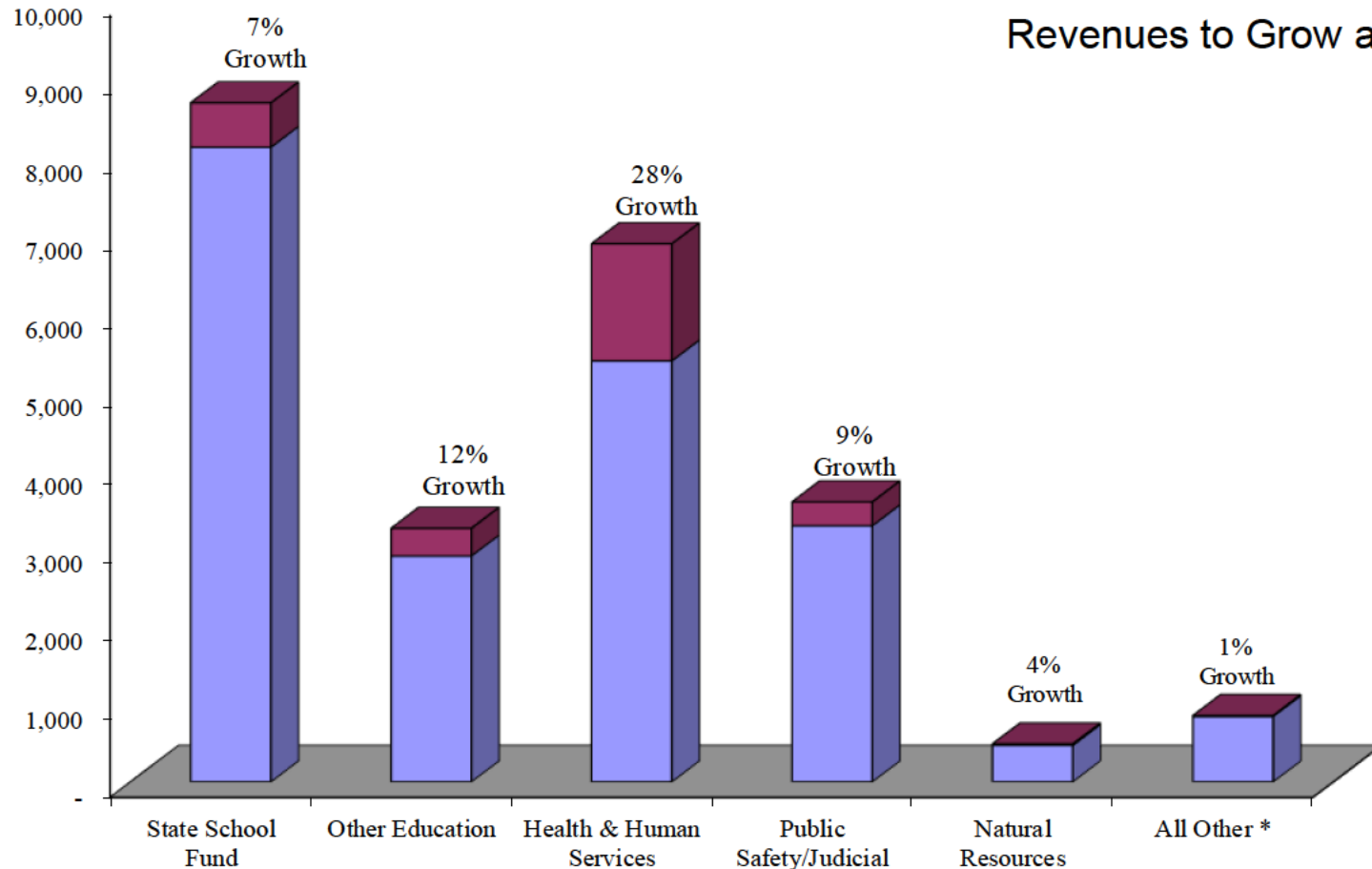
CFO 2018 Tentative Budget Projections





Current Service Level Growth by Program Area

State Economist Projects
Revenues to Grow at about 5%



* - excludes new debt, Salpot, other E-Fund.



Key Budget Drivers

Initiatives

- “Get Tough on Crime” Measures
- Career & Technical Education

Policy Choices

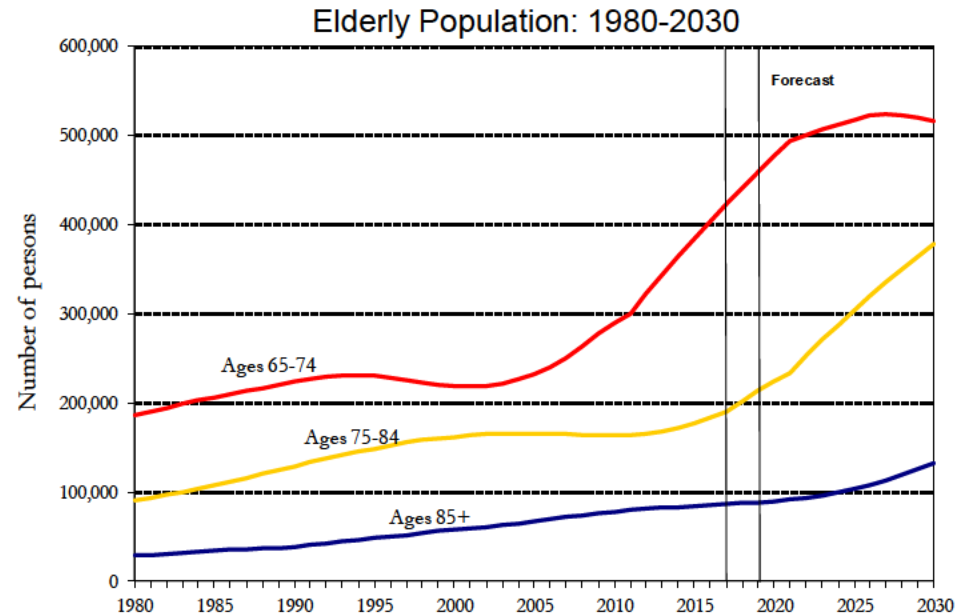
- Affordable Care Act Expansion
- Justice Re-investment Act
- Early Learning

Lawsuits

- Moro Decision (PERS)
- Staley Decision
 - People with Disabilities

Demographics

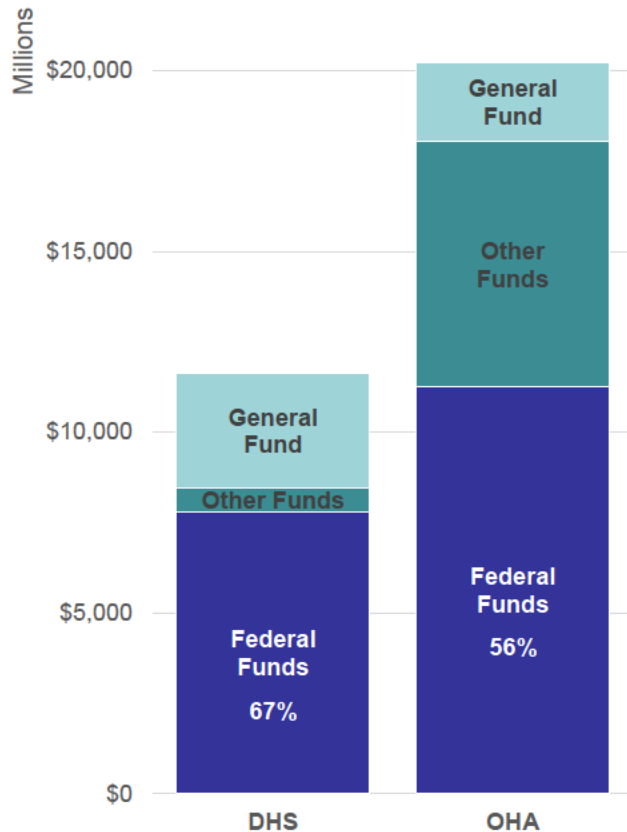
- Seniors
- Economy/Housing/Income





State Programs Rely on Federal Funding

2017-19 Biennial Budget



Federal Funding by Major Program

Oregon Health Authority:

OHP ACA Expansion	94%
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OHP Non-ACA Expansion	63%
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Department of Human Services:

Child Welfare Programs	46%
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Intellectual and Dev. Disability	66%
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Aging and People with Disabilities	64%
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Supplemental Nutrition Benefits	100%
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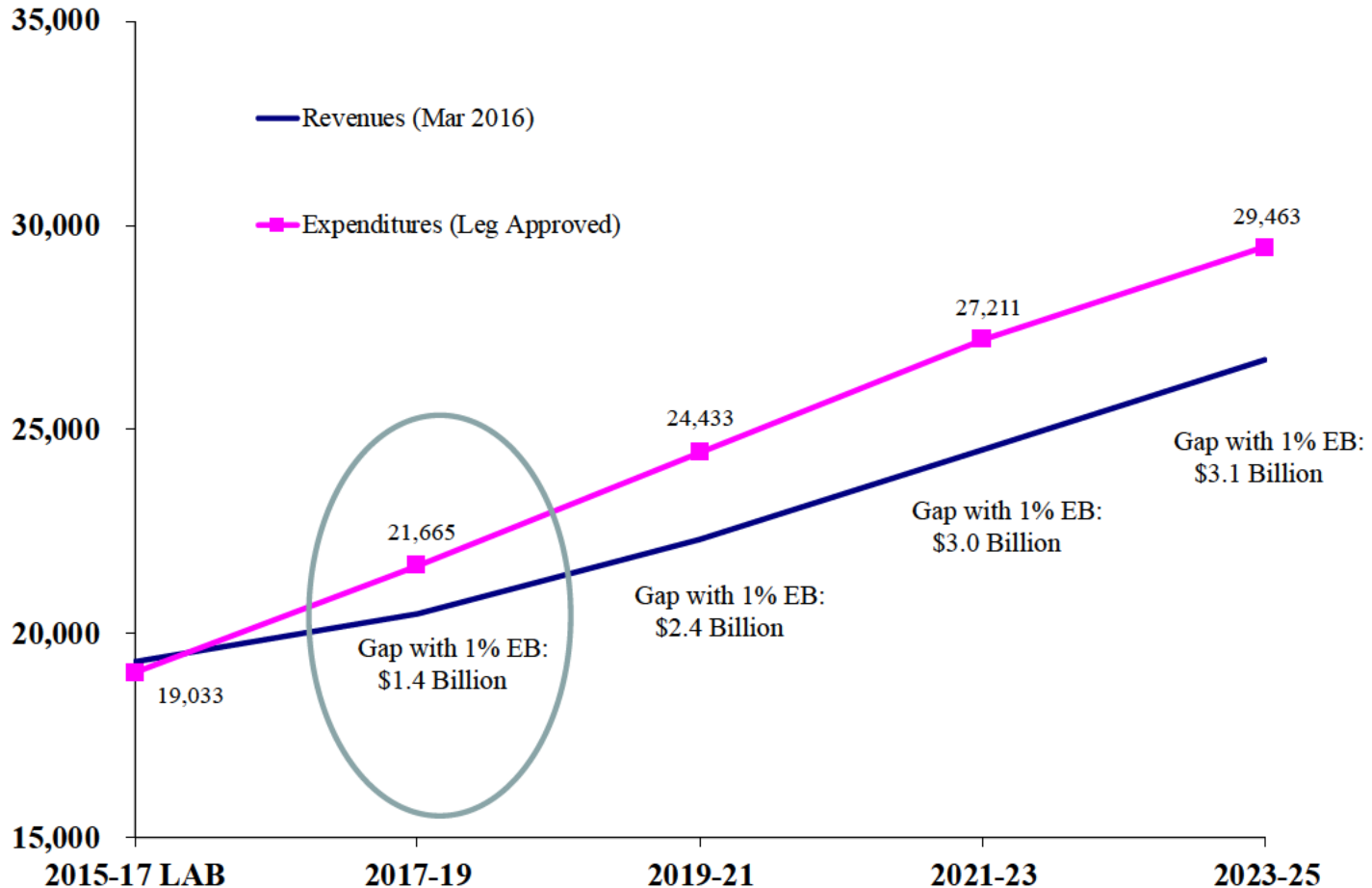
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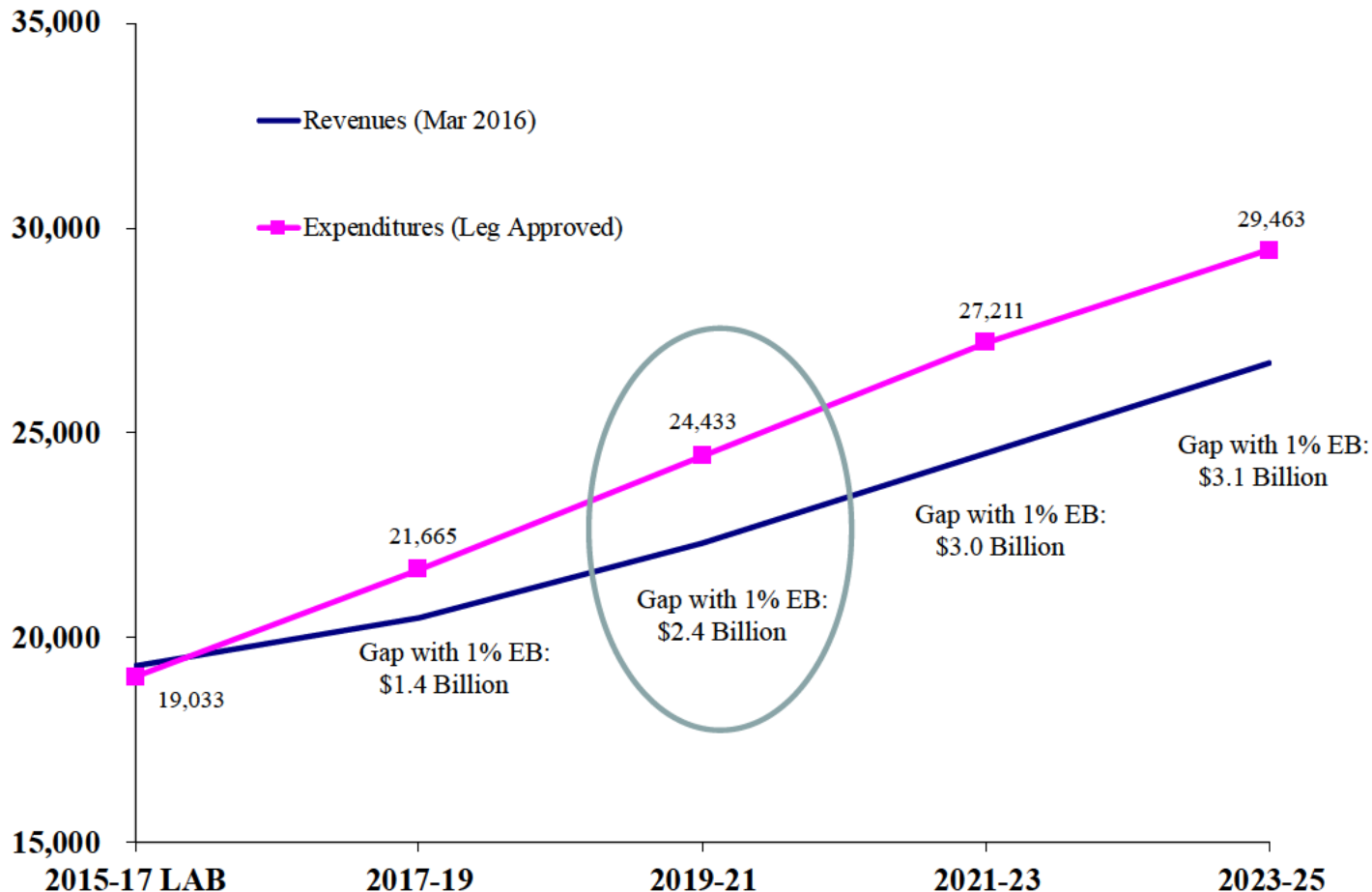
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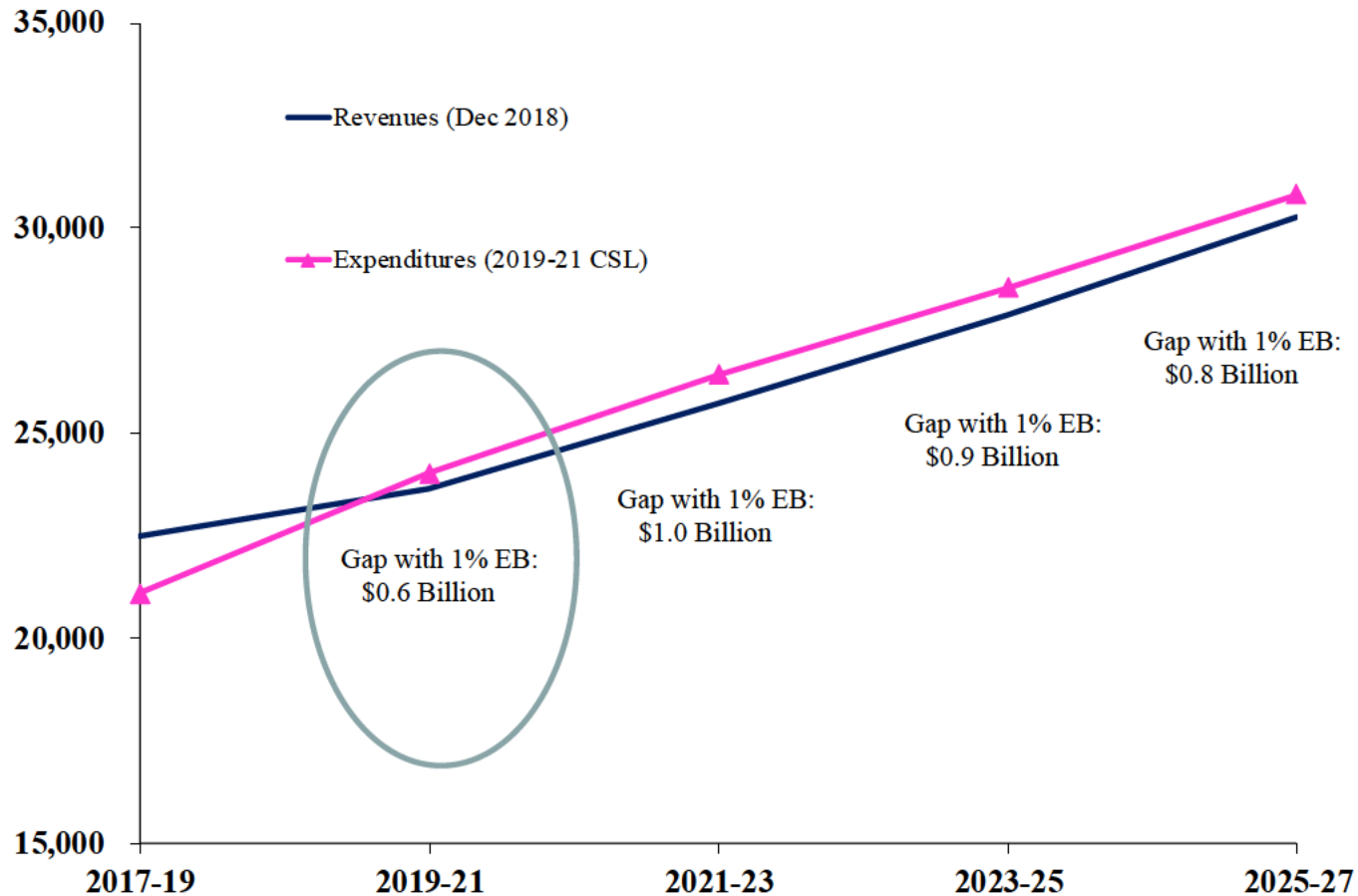
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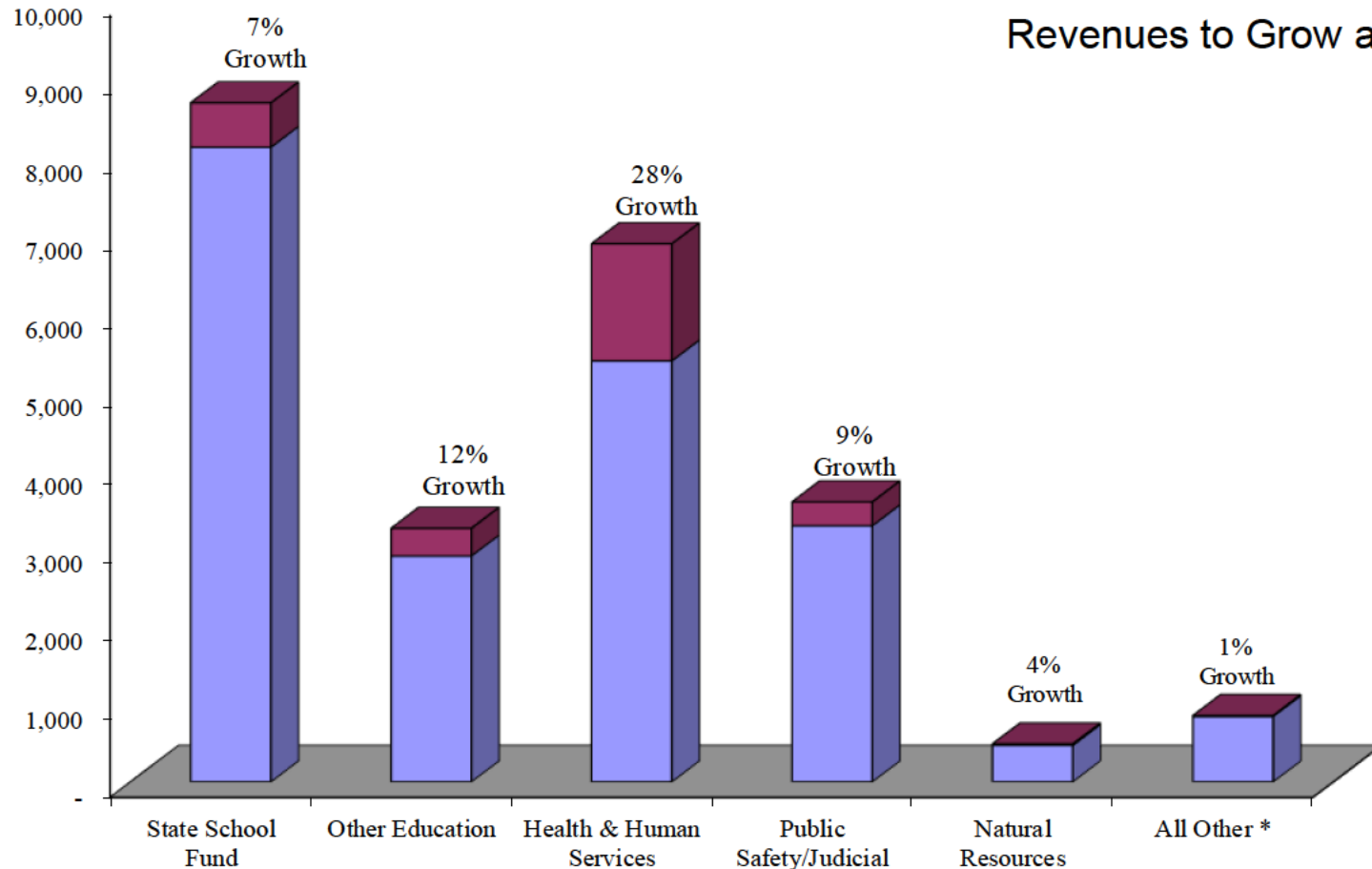
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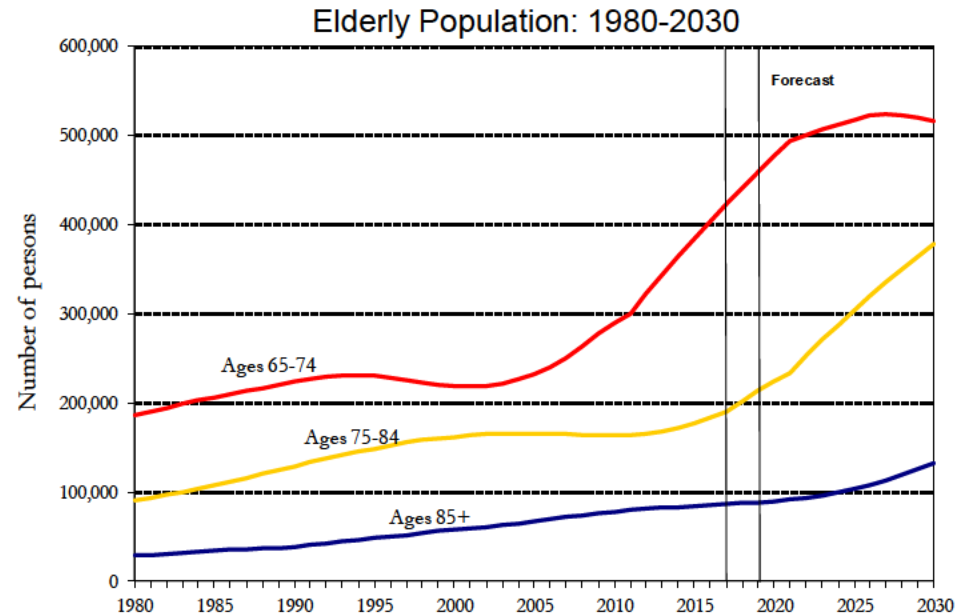
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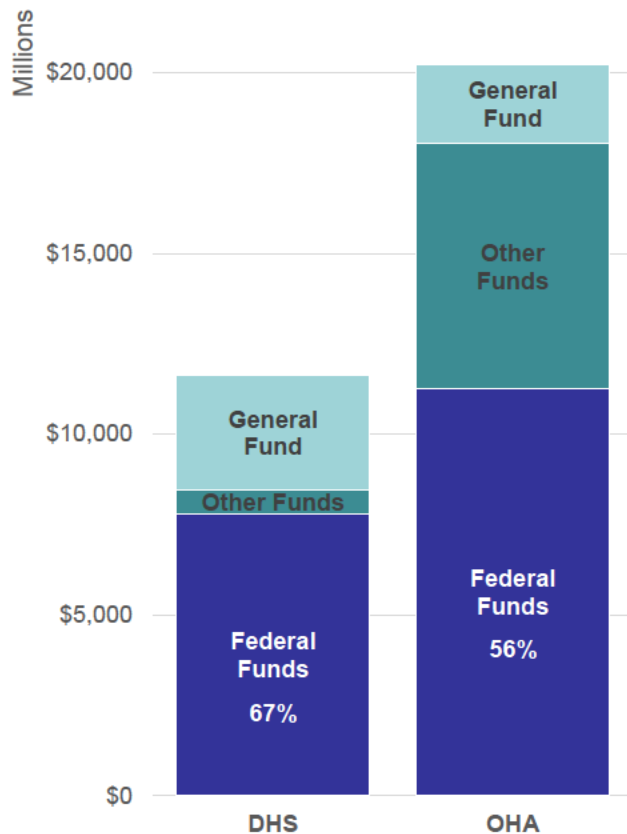
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2017-19 Biennial Budget



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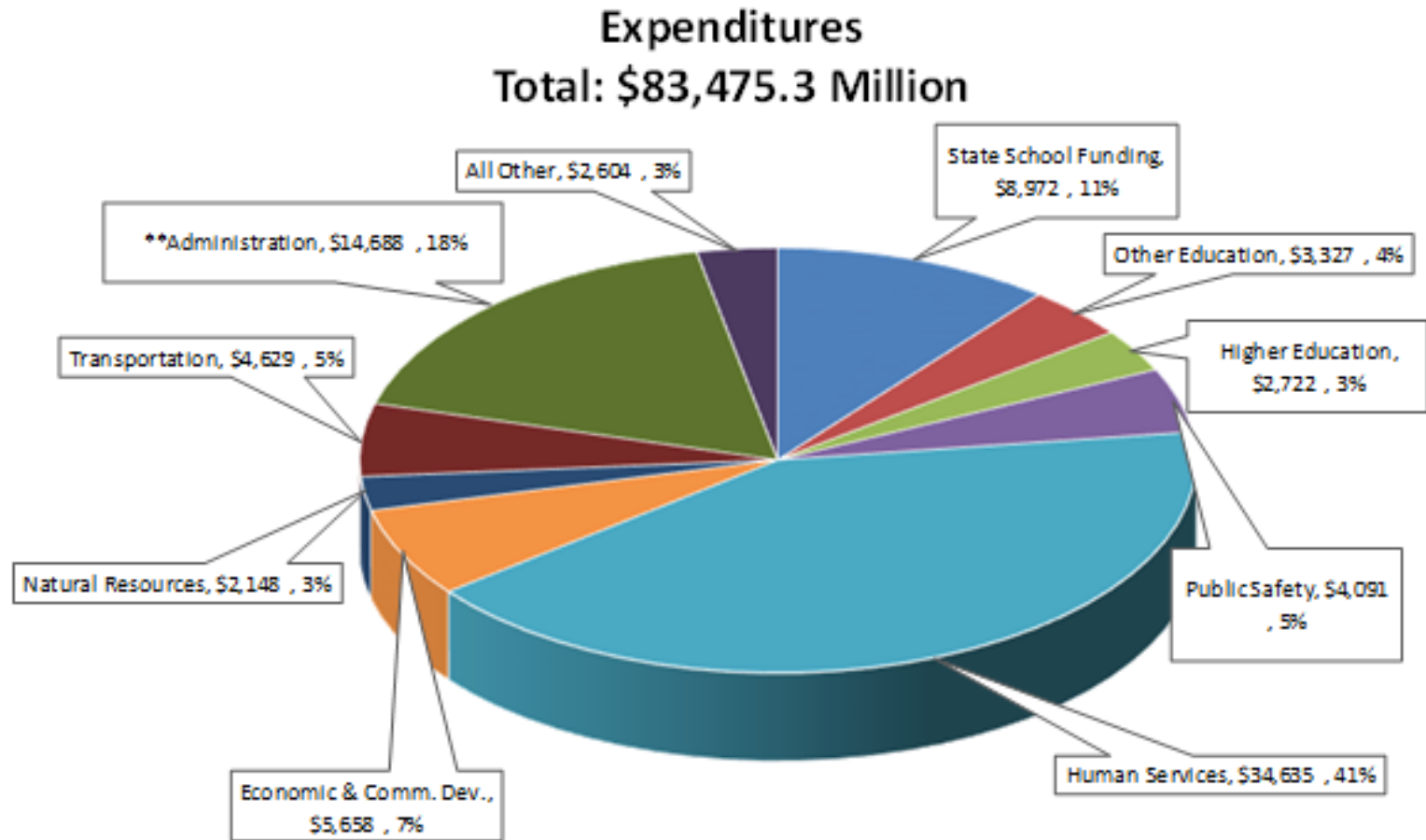
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Governor's Budget 2019-21

Total Funds



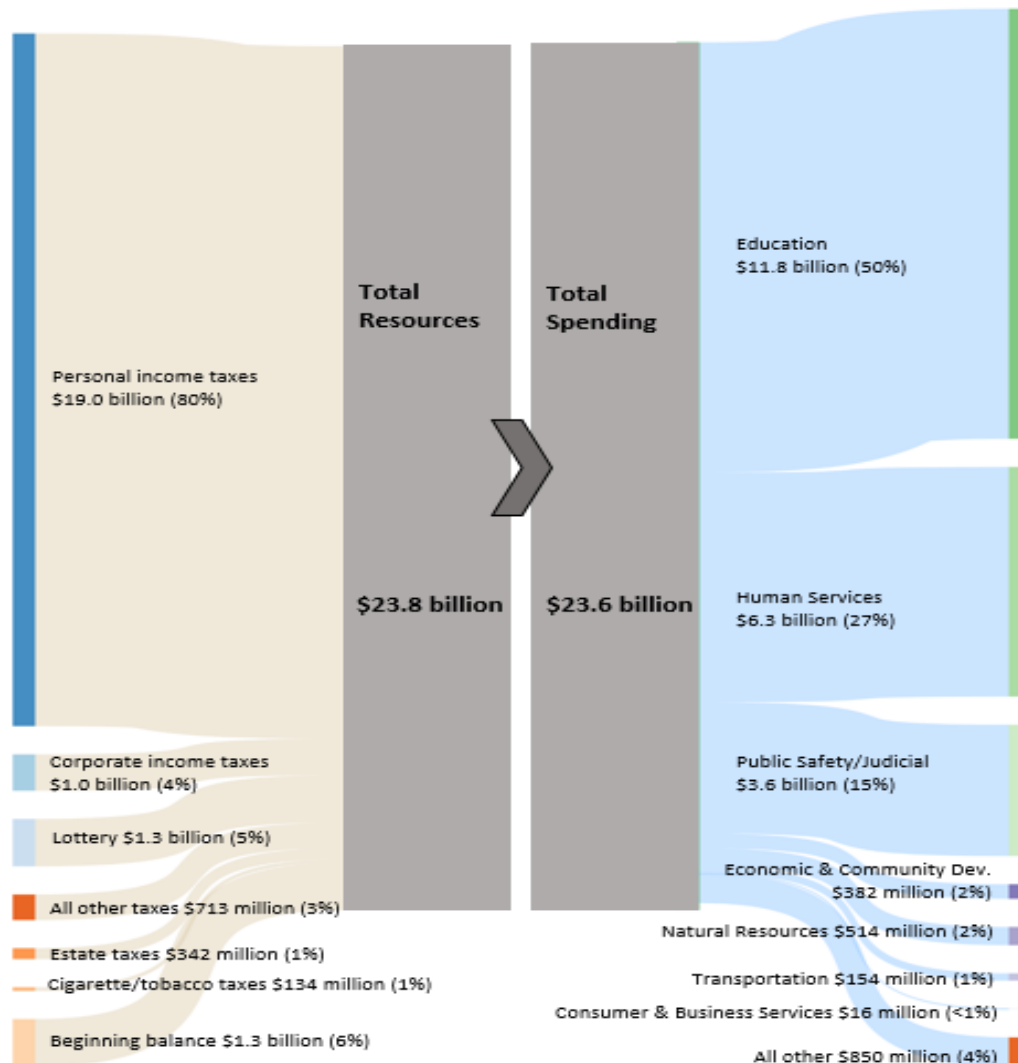
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Governor's Budget 2019-21

General Fund and Lottery Funds Combined

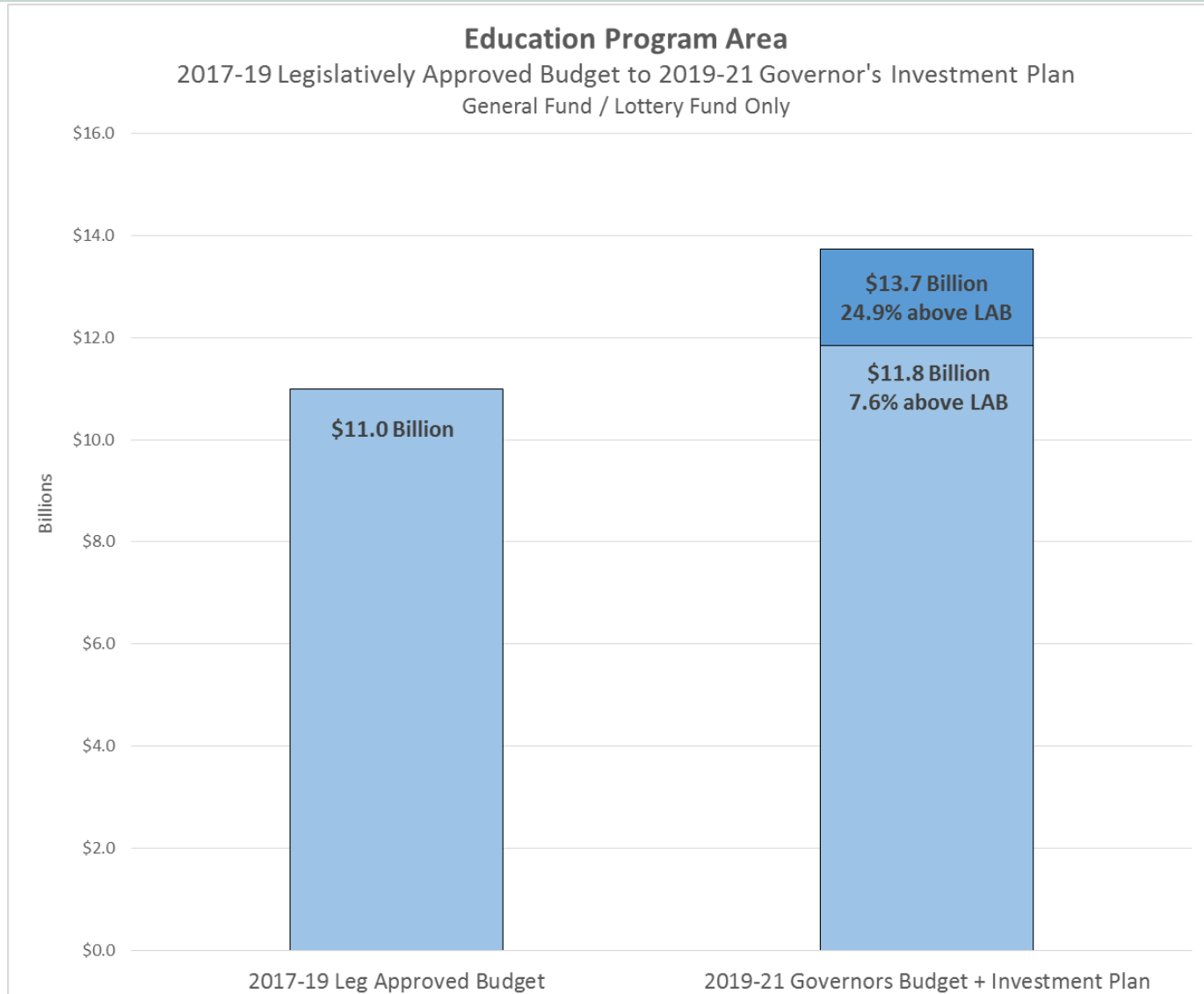


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Governor's Budget and Investment Plan

Education Program Area



From: [BLOSSER Nik * GOV](#)
To: [PAIR Chris * GOV](#)
Subject: FW: Things to think about over the weekend...
Date: Wednesday, November 21, 2018 3:13:34 PM
Attachments: [Governors Budget - Q and A Final Draft.docx](#)
[Updated Budget Tour Presentation 11-20-18.pptx](#)
[Proposed Budget Release Presentation 11-20-18.pptx](#)

Nik Blosser
Chief of Staff
Oregon Governor Kate Brown
503-373-1565

Assistant: Jen Andrew
jennifer.j.andrew@oregon.gov

From: NASS Kate * DAS <Kate.NASS@oregon.gov>
Date: Wednesday, November 21, 2018 at 2:57 PM
To: BLOSSER Nik * GOV <Nik.BLOSSER@oregon.gov>, KORESKI Debbie * GOV <Debbie.KORESKI@oregon.gov>
Cc: George Naughton <George.M.NAUGHTON@oregon.gov>, BALL Dustin * DAS <Dustin.BALL@oregon.gov>
Subject: Things to think about over the weekend...

Hi Nik and Debbie,

Now that the budget is finalized from a numbers perspective (and we are really close to getting documents to the printer) attached are three documents we would love for you to think about over the weekend.

1. Draft Q&As – this is a list of questions that we think might come up at the release? This is just us thinking of questions and may be too long, but we wanted to be more comprehensive knowing we can take some out before sharing.
2. Updated slides from the roadshow this spring – no changes; just updated to current forecasts.
3. New slides – we think this is a better version than the deck used in the spring and would recommend using something like this next week.

Let us know your thoughts...

k

[Kate Nass](#)
Deputy Chief Financial Officer
Office: 503.378.5442 | Mobile: 503.871.0974

DRAFT

Department of Administrative Services

Chief Financial Office
155 Cottage Street NE U10
Salem, OR 97301
PHONE: 503-378-3106
FAX: 503-373-7643

MEMORANDUM

To: Nik Blosser, Governor's Office
From: George Naughton, Chief Financial Officer
Date: November 26, 2018
Subject: Question and Answers – Governor's Budget Release

Here are some questions and model answers we would recommend for Wednesday.

General Budget Questions

1. What is the overall size of the budget?
 - a. I am proposing a \$23.8 billion General Fund/Lottery Funds Budget.
 - b. It is also \$83.5 billion total funds.
2. What happened to the budget hole, and how were you able to balance this budget without significant cuts?
 - a. There are significant policy choices in this budget. We had to fix a \$620 million gap, which included our biggest challenge in health care, where OHA's General Fund/Lottery Funds were projected to grow by 44% (\$957 million). That is unsustainable and we had to change it. This summer, I convened a group of health care partners, and they came up with a health care funding package, which includes \$632.5 million in new revenue for OHP from Hospital Assessments, Insurance Tax at 2%, Subsidized Employer Assessment, and increased Tobacco Taxes. This proposal is in my budget and allows us to bring the overall budget into balance.

Beyond controlling health care growth, I had to make some hard policy choices. We have been bleeding our K-12 system for years, and it has to stop. I am making strategic investments in schools and programs that serve children and families, by holding some programs to current funding levels and eliminating funding for others:

- i. Public Universities and Community Colleges were held at current funding levels
- ii. HECC – No longer funding Sports Lottery (\$8.2 million)
- iii. HECC – No longer funds ETIC (\$25.6 million)

But these changes are not enough. We cannot achieve the Oregon we want with our current revenue structure. In addition to my budget, I am calling on the Legislature to make significant investments in our education system. I am calling on them to fully fund

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a 180 day school year, reduce class sizes for grades K-3, expand pre-school for another 10,000 kids, and increase our investments in higher education. Today, I am rolling out this investment plan, not only for what we can do today, but what we want to be for the future.

3. Does the budget include new revenue? Where does it come from?

- a. This budget includes over \$136 million in increased revenues that would go to the General Fund and an additional \$633 million related to the Oregon Health Plan. This totals \$769 million. The changes include:

i. General Fund Revenues:

1. Restricting the preferential tax rate of the Partnership – Pass-through treatment to \$1 million and imitating it for specified service businesses as it is now done with the federal deduction on pass-through income. These changes are anticipated to generate \$45.9 million.
2. Eliminating the “Gain Share” transfer to counties will provide savings of \$33.1 million.
3. Adding 5 new steps to the existing corporate minimum tax structure will increase corporate tax revenues by \$31.3 million.
4. Increasing the OLCC markup on distilled spirits and increasing liquor licensing fees will generate \$26.3 million. Server permits are held harmless in this proposal to protect hard working individuals who can least afford to pay more.

ii. Oregon Health Plan Revenues:

1. Hospital Assessment – Increases the fully reimbursable Hospital Assessment structure from 5.3% to 6.0% for \$98 million
2. Insurance, Managed Care, and Stop-Loss Assessment – Reinstates and increases the Insurance/Managed Care tax to 2.0% and assesses stop-loss policies for \$410 million, which includes \$90 million for the Oregon Reinsurance Program
3. Tobacco Taxes – increases the cigarette tax by \$2 per pack, extends the wholesale tax on “other tobacco products to vaping products, and increases other tobacco taxes (e.g. little cigars, moist snuff) for \$108.6 million, of which \$95 million supports the Oregon Health Plan and \$13.6 million supports Public Health Modernization

- b. My Investment Plan calls for an additional \$1.9 billion in new spending. There are several viable options on how to address this, and I am committed to working with Legislative Leadership to make this investment plan a reality. I am not rolling out a specific revenue package today because I do not want to preempt any of the revenue options available to the Legislature.

4. Why do you sweep money from the PEBB stabilization fund in your budget?

- a. This money is available because the state has successfully reduced health care costs. Since moving to a self-insurance model in 2010, the Public Employees Benefit Board (PEBB) has experienced lower health care costs compared to premiums collected,

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increasing the balance in the PEBB stabilization Fund. The ending balance for the fund is above target levels outlined by the Board's actuary and excess funding of \$50 million is transferred to the General Fund to support the overall costs of compensation increases for state employees.

5. What exactly is the Partnership Passthrough?

- a. In 2013, the Oregon Legislature created a lower tax rate for non-passive Partnership income (basically the profits from the business that are not salary and are not passive investment income). This change went into effect in 2015. This tax change happened as part of the grand deal on PERS reform, the PERS portion of which was later overturned by the courts. With a tight fiscal environment, we can no longer afford to give this preferential treatment to high net worth individuals.

6. Are you spending all of the available bonding capacity?

- a. No. Lottery Bond capacity is fairly tight next biennium, so we are recommending the Legislature allocate most of that capacity, leaving about \$3.8 million available. However we left \$485.3 million in General Fund capacity unspent; of this \$225 million is reserved for Public Universities to be authorized in the 2020 Legislative Session once universities complete an updated 10-year strategic capital plan.

Given the expected economic slowdown, I will be working with the Legislature to leave bonding capacity available as an economic resource to deploy throughout Oregon, adding projects and jobs to communities when they need them.

7. Have you proposed any changes to the PERS system?

- a. I have long said that I would consider PERS reforms that are fair and would pass constitutional muster. The reforms that were proposed in 2013 were struck down by the Oregon Supreme Court, which has significantly limited our options to make changes to pension benefits. Our problem now is a legacy problem for people who are already retired and investment returns coming in lower than the assumed earning rate. I have proposed a different approach to the problem than cutting benefits, which is looking at how we fund our pensions long-term, especially for our school districts. I agree with the approach that the legislature took in 2018 with SB 1566 to look for one-time sources of funding that could be set aside to pay for the PERS benefits that employees have earned. While more is needed, my budget includes an additional \$100 million down-payment into the fund we set up to pay down the unfunded PERS costs for school districts. I am also open to discussions about risk sharing with our employees.

8. How much do you leave in the Ending Balance?

- a. We left \$200 million General Fund in the ending balance. I would like to have a little more in the ending balance, but by the end of the 2017-19 biennium we are also projected to have about \$1.2 billion in our reserve accounts, the Education Stability Fund and the Rainy Day Fund. The balance of these two accounts will be about \$1.7 billion by the end of the 2019-21 biennium.

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Education Questions

9. What is your budget for K-12 Education?
 - a. We have almost \$9.0 billion in the State School Fund. Also, PERS has \$100 million for the school district unfunded liability fund to help stabilize school district PERS rates.
 - b. The budget includes additional investments to close the opportunity gap – including funding for African American/Black Student Success State Plan, adds resources for the American Indian/Alaska Native State Plan, and continues funding the tribal history and sovereignty curriculum.
 - c. We maintain the current level of services for preschool and increase funding for child care quality and quantity, including
 - i. \$17.6 million in state and federal funding for child care resources, including additional licensing staff, child care infrastructure such as resource and referral and early learning hubs, and \$10.8 million for Employment Related Day Care.
 - ii. \$14.8 million in state funding for increasing available infant toddler childcare (\$4.3 million for infrastructure such as child care resource and referral and \$10 million for infant toddler slots).
 - iii. \$10 million for the Educator Advancement Council for early childhood educator professional development.
 - d. We continue the current level of funding (2017-19 LAB) for CTE and graduation rate improvement under Measure 98 – this is \$170 million.
 - i. This equals \$475 per student per year; M98 set the minimum annual amount at \$800 per student per year. Which is funded in the investment plan.
10. Why are you not fully implementing M98, which passed with 65% of the vote?
 - a. Fully funding M98 is included in my needed investment plan; there isn't enough revenue to fund the State School fund at the Enhanced CSL, invest in child care and fund Measure 98.
11. What is the investment plan for preschool to grade 12?
 - a. The much needed investment includes:
 - i. \$285.8 million for 6,580 Preschool Promise slots, 3,420 enhanced OPK slots, and 3,500 children served by the Equity Fund.
 - ii. \$793.7 million for the School Improvement Fund which will pay for a full school year and K-3 class size reductions for districts not already at QEM recommendations, and other initiatives for districts already at QEM standards.
 - iii. Career and Technical:
 1. \$133 million to fully fund Measure 98.
 - iv. \$9.2 million to restore and double funding for Farm to School
12. What is included in the budget for student financial aid?
 - a. My budget includes:
 - i. Oregon Opportunity Grants are funded \$152 million General Fund and Lottery Funds, which essentially fund the program at the 2017-19 biennium.

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- ii. Oregon Promise is fully funded at \$21.5 million General Fund for the 2019-20 academic year. The Governor's investment plan would add \$20 million to fund the 2020-21 academic year.
13. What is in the budget for university and community college operations?
- a. Funding for the following is maintained at the 2017-19 legislatively approved level:
 - i. Public University Operations and Student Support: \$736.9 million,
 - ii. Extension Service and Forest Research Laboratory: \$81.9 million.
 - b. Funding for the following are below the 2017-19 legislatively approved level:
 - i. Community College Support Fund: \$543 million (this is 4.7% below LAB, due to higher anticipated local property taxes, which offset General Fund).
 - ii. Funding for the Agricultural Experiment Station: \$66.1 million (slightly below LAB due to phase-out of one-time projects funded in 2017-19).
 - iii. Funding for the Public University State Programs: \$14.8 million (this is 67.9% below LAB due to eliminating ETIC).
 - c. The Outdoor Schools Program is funded for one year, with full restoration in my Investment Plan.
 - d. Funding for the Sports Lottery program is eliminated, but fully restored and enhanced in my Investment Plan
14. Why did higher education take such a large reduction?
- a. Difficult choices had to be made in order to fund early learning programs and the K-12 system at a level to improve outcomes. However, the investment plan provides a substantial increase, in higher education related funding. The investment package:
 - i. Adds \$120 million to public university support fund to keep tuition increases at or below 5% (this amount brings fund to \$856.9 million);
 - ii. Adds \$103.7 million to community college support fund to keep tuition increases at or below 3.5% (this amount brings fund to \$646.7 million).
 - iii. Restores ETIC for \$25.6 million and adds \$34.4 million more (bringing total to \$60 million);
 - iv. Adds second year of funding for Outdoor School (\$22.8 million);
 - v. Adds \$20 million to statewide services (Agricultural Experimental Station, Extension Service, Forest Research Laboratory, and Public University State Programs);
 - vi. Adds \$70 million for expansion of CTE at Community Colleges;
 - vii. Adds \$10 million to establish a University Innovation Fund;
 - viii. Nearly doubles the Oregon Opportunity Grant with an additional \$121.5 million;
 - ix. Adds second year of funding to Oregon Promise (\$20 million)
 - x. Restores and enhances the sports lottery fund at \$14.1 million;
 - xi. Restores \$3.1 million in funding for OHSU education and rural programs, the Child Development and Rehabilitation Center, and the Oregon Poison Center to bring the programs back to CSL;
 - xii. Adds \$10 million for a Rural Health Workforce initiative;
 - xiii. Adds \$23.8 million for Graduate Medical Education through OHA, mostly for OHSU;
 - xiv. Provides \$15 million for campus safety improvements;

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- xv. Provides \$2.6 million for a Career Navigation initiative; and
- xvi. Adds \$15 million for an Oregon Youth Employment Program as part of Future Ready Oregon.

15. What is in the budget for university and community college capital projects?

- a. The budget includes 16 projects, benefiting all seven public universities and nine community colleges, totaling \$240.7 million in projects costs, that would be financed with proceeds from the sale of general obligation bonds.
- b. Projects include initial funding for the Eastern Oregon University Inlow Hall Grand Staircase; a new residence hall at Eastern Oregon University; a new residence hall at Portland State University; funding for land acquisition for a new University Center Building at Portland State University, funding for an earthquake detection system (ShakeAlert) at the University of Oregon, and continuing funding for capital improvement and repair projects for the universities.
 - i. \$225 million of General Fund capacity is reserved for public universities once a completed 10-year strategic capital plan and return to the 2020 Legislative Session.
- c. Projects were also funded for Blue Mountain Community College, Clatsop Community College, Central Oregon Community College, Klamath Community College, Lane Community College, Mount Hood Community College, Oregon Coast Community College, Southwestern Oregon Community College, and Umpqua Community College.

16. What are you doing about campus safety?

- a. The Governor's Investment Plan (not in budget) includes \$15 million for campus safety and security improvements at Universities and Community Colleges.

Health Care Questions

17. Does the budget reduce Oregon Health Plan (OHP) eligibility or benefits for members?

- a. No, the budget makes no adjustments to the eligibility levels or benefits provided to OHP members.

18. Are there any new programs to expand health care in the state?

- a. Yes. The Governor's Budget includes \$10 million General Fund and \$85 million in federal matching funds to expand Hepatitis C treatment to Oregon Health Plan members who have any stage of the disease. The budget also includes several other investments in the Oregon Health Authority to expand health care services, especially to children. These include investments in: a) Intensive In-Home Behavioral Health Services; b) Universal Home Visiting; and c) School Based Mental Health Services (with a focus on suicide prevention).

19. How will PEBB/OEBB and OHP limit cost growth from market trends as outlined in your budget?

- a. All cap annual cost growth at no more than 3.4 percent per member per year. PEBB and OEBB also continue to incentivize the migration of members from traditional PPO plans to coordinated care plans, which helps reduce premium costs through a more focused

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approach on primary care, prevention, and integrated care. The budget also makes investments to address the underlying costs of health care, such as by advancing Behavioral Health integration and data improvements to help contain prescription drug costs.

20. Aside from the OHP revenue package, does your budget do anything that further impacts the funding of OHP stakeholders?
 - a. Yes. The budget further reflects shared responsibility for sustainably funding OHP and preserving OHP services and eligibility, the budget implements the following cost-savings measures:
 - i. Oregon Health and Sciences University (OHSU) – the budget maximizes the level of revenue available through the intergovernmental transfer (IGT) agreement established in 2017-19. The budget also increases OHSU’s contribution to the IGT beyond the current agreement, which results in an additional \$25 million available to maintain OHP services.
 - ii. Graduate Medicaid Education (GME) – the budget eliminates the “non-leveraged” component of the GME program, which currently helps offset costs at 11 teaching hospitals in Oregon. This saves the state \$23.8 million however is funded in the investment plan. *Note: the budget maintains the component of GME that is leveraged with funds provided by OHSU.*
21. What state revenues support OHP in your budget?
 - a. In addition to General Fund, OHP is also funded by Hospital Assessments, the reinstated/increased Insurance and Managed Care tax, the new Subsidized Employer Assessment, the OHSU intergovernmental transfer agreement, Tobacco Taxes, Tobacco Master Settlement Agreement revenue.
22. Does your budget fully support operations of the Oregon State Hospital in Salem and Junction City?
 - b. Yes. In addition to maintaining the existing funding level at the Salem campus, the budget supports opening a 25-bed unit in Junction City for the first 12 months of 2019-21 in order to address a prolonged increase in the level of Aid and Assist patients sent to the State Hospital for treatment according to court orders. As part of a longer term strategy, the budget invests \$7.6 million to increase the capacity of county mental health programs to treat more patients in lieu of sending patients to the State Hospital for costly institutionalized care.
23. What investments do you make for increased access to community mental health services?
 - a. \$7.6 million General Fund to increase capacity at the county level to treat additional patients Aid and Assist patients as opposed to sending them to the State Hospital
 - b. \$9.1 million General Fund to backfill declining tobacco tax and Tobacco Master Settlement Agreement funding, which maintains the existing level of services
 - c. \$17.7 million General Fund to replace one-time Tobacco Tax carryover revenue used to enhance services in 2017-19 (this was a CSL adjustment, but makes the 2017-19 enhancement on-going despite originally being funded with one-time revenue)

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24. What investments are you making to address the opioid epidemic in the state?
- a. The budget supports a robust Addictions and Recovery Agenda through the following investments:
 - i. Two-Gen Approach to Treatment (Project Nurture) - \$5 million to expand prenatal and post-partum treatment and support for mothers
 - ii. Telehealth and Efficient forms of Treatment (Project ECHO) - \$2.4 million to support telehealth and efficient forms of treatment, which will help expand treatment access, especially in rural areas
 - iii. Housing Assistance - \$4.5 million in rental assistance and substance use disorder wraparound services for partial biennium support upon the construction of 500 units of permanent supportive housing
 - iv. Behavioral Health Integration - \$5.9 million to incentivize providers to invest in foundational technology, especially behavioral health electronic health records, help adapt the primary care home model to advance integration within behavioral health settings, and improve access to evidence based pharmaceutical treatments and practice guidelines
 - v. Alternative Pain Modules - \$0.4 million to expand work to train providers in appropriate opioid prescription practices and alternative approaches to pain management
 - vi. Naloxone – \$0.5 million to purchase a strategic stockpile of Naloxone

Human Services Questions

25. What are you doing to address the challenges in the child welfare program?
- a. To prevent a loss of child welfare staff, the budget invests \$40 million General Fund in child welfare staff to address a reduction in federal funding available to support that program.
 - b. Provides resources to operate the centralized 24/7 Oregon Child Abuse Hotline using a new evidence based assessment tool for screeners that will more accurately identify children at risk; and funded additional research and analytics staff to address the department's child welfare research agenda.
 - c. The budget provides funding for legal representation of child welfare caseworkers statewide in 2019.
26. How many child welfare positions are funded in the budget?
- a. In the current biennia there are 2,922 positions in the Child Welfare Program. This budget funds 3,217 positions, an increase of 295 positions. Not all are caseworkers, but all positions support children and families. Direct caseworkers are approximately 190 of the 295 additional positions.
27. What are you doing to address the need for foster care resources?
- a. This budget (1) creates a team of caseworkers dedicated to recruiting and retaining foster families in all areas of the state (2) funds additional caseworkers to develop and deliver trauma informed and culturally appropriate training to foster parents and (3) expands the KEEP model statewide.

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28. What investments are being made for children within the DHS budget?
- a. To address the needs of foster children the budget increases the rates of providers in the Independent Living Program and expands the eligibility of youth and young adults served by that program; it also directs DHS to develop and implement trauma informed healthy relationships training for foster children (including sex education). The budget also provides resources to expand the CASA program.
 - b. The budget increases resources in the Employment Related Daycare (ERDC) program. The focus in this program is to provide quality child care. (this is federal funding)
 - c. Invested in creating a new program (\$24.5 million total funds, of which \$8.4 million is General Fund) for youth with specialized needs, based on recommendations from the Children with Specialized Needs Workgroup.
29. How are you limiting cost growth in seniors and I/DD?
- a. This is an area in which we continue to look at options, but are somewhat limited in cutting programs in light of legal actions taken against DHS in the 2017-19 biennium when service hours (not services) were reduced.
 - i. We will continue to see an increase in costs related to the care of seniors within the long-term care system simply based on demographics, which are out of our control.
 - ii. Within the I/DD program caseload growth has finally stabilized, since implementing the Community First Choice Option plan (K-Plan). We continue to work toward developing efficiencies within the program through combining multiple assessment tools into one assessment tool, which will also eventually be used to assess the number of hours for I/DD clients after determining eligibility.
30. What are you doing to address safety issues for vulnerable adults in the long-term care system?
- a. First, working toward bringing rates for Adult Foster Home providers for seniors up to par with Adult Foster Home providers providing support to people with mental health issues or individual with intellectual or developmental disabilities.
 - b. Second, providing rate increases to Assisted Living facilities, Residential Facilities, and In-Home care agencies people with intellectual or developmental disabilities.
 - c. Third, adding staff to DHS to survey facilities in order to meet required annual inspections, which will help ensure safety for vulnerable adults living in long-term care facilities.
31. What are you doing about Oregon's Housing Crisis?
- a. The Governor's Budget makes significant investments to family affordable housing and multi-family housing. There is a \$130 million investment in Local Innovation Fast Track housing (LIFT) which will help build new affordable housing for low income households; this is joined with \$30 million in Document Recording Fee revenue that will also be used for gap financing for new construction of affordable housing. There's also a \$25 million investment in multi-family housing preservation, and a \$15 million

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investment to keep naturally occurring affordable housing affordable for the families who live in it.

- b. The Governor's Budget includes a \$50 million investment in Permanent Supportive Housing, this type of housing combines non-time limited affordable housing with wrap around supportive services for people who are, or at risk of being, chronically homeless. This is coupled with an investment of \$4.5 million in the Oregon Health Authority to provide rental assistance payments for the new units.
- c. The budget also increases the Emergency Housing Assistance and State Homeless Assistance Program to \$50 million; and addresses child homelessness by investing \$14 million in a new program that provides housing and services to families to ensure they are stable over the long term, coupled with increasing the investment from the Department of Human Services Self-Sufficiency by \$6.5 million to serve the neediest families. It also invests \$20 million in tenant and landlord resources to provide training, legal resources, and to provide assistance to domestic violence/sexual assault survivors.
- d. The budget provides \$15 million to the Oregon Housing Accelerator to work with communities, employers and developers to accelerate the overall housing supply and ensure moderate income Oregonians can live where they work. The Department of Land Conservation and Development's budget contains \$1.4 of technical assistance resources to help communities get ready for development.
- e. The budget also contains \$22.2 million to address the housing needs of veterans. The funding will address emergency housing needs as well as permanent rental housing and home ownership for veterans.

Public Safety Questions

32. Does your budget invest in State Trooper presence?

- a. Oregon's growing population has demonstrated a need increase our State Trooper presence statewide. We have added funding and adjusted the State Police's budget to increase Trooper presence by over 40 positions statewide.
- b. Additional investments add a Forensic Anthropologist position to our Medical Examiner's office to focus on the 171 unidentified remains, of which 11 are children.

33. Does your budget fully fund community corrections?

- a. The budget continues to invest in the Justice Reinvestment Initiative by providing \$39 million in grant funding as a resource to help local communities find the best mix of services that will keep people from going to prison.
- b. There are reductions taken within the community corrections budget including a proposed change Oregon's Earned Discharge funding. Current budget calculations include an offender's full term of supervision. This change would modify Oregon's Earned Discharge statute to cease state budget responsibility for offenders released early - that is likely to provide \$10 million in state savings.
- c. The agency also requested a package of \$51 million based on a cost study for community corrections that did not move forward into my budget due to General Fund constraints.

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34. Does your budget open a new prison?

- a. No, the prison population forecast continues to predict declines in both male and female adults in custody through the next two years.

35. What are you doing to prepare Oregon for the big Cascadia earthquake?

- a. My budget continues our investments in infrastructure that will make schools and emergency responders able to withstand an earthquake. We are also proposing a \$12 million investment to build out the Shake Alert earthquake early warning system, and an investment in making sure our rural airports have the facilities and supplies they need to help Oregon recover from a seismic event. Here is a list of specific examples:
 - i. Seismic Rehab Grants – Schools: \$100 million G.O. Bonds.
 - ii. Seismic Rehab Grants – Emergency Service Buildings: \$20 mil G.O. Bonds.
 - iii. Shake Alert Early Warning System: \$12 million G.O. Bonds.
 - iv. Airport Logistical Staging Bases: \$10 million G.O. Bonds for airports, \$1.1 million for the Military Department
 - v. Ensuring 250,000 homes have 2-week ready supplies in the next three years by working with local governments and American Red Cross: \$1.6 million General Fund
 - vi. Plan for Critical Energy Infrastructure Hub in NW Portland: \$0.5 million General Fund
 - vii. DOGAMI Tsunami Inundation Zone Study: \$0.3 million General Fund
 - viii. Business Oregon Special Public Works Fund: \$16 million Lottery Bonds (of the total \$79.5 million) for Wallowa Lake Dam repair and replacement
- b. Department of Aviation: adds \$10 M in G.O. bonds for resiliency and other natural disaster preparedness for state-owned airports.
- c. DLCD: Continues funding of \$1.1 million for natural disaster preparedness planning.

36. What is being done to address air toxics in Oregon?

- a. The budget continues to invest in the Cleaner Air Oregon Initiative by providing monitoring staff and equipment to screen for toxic air pollution and conduct follow-up monitoring to identify the likely source and level of emissions and toxics at various locations around the state. The budget also provides resources to implement new health risk based rules that are in development. This is a joint effort with the Oregon Health Authority aimed at reducing public health risks arising from hazardous pollutants.

37. How does your budget address drought throughout the state?

- a. The budget invests \$2.8 M in an additional ground water basin study to better understand water resources, it also provides \$1.0 M in place-based planning to manage water resources based on geographical needs, and adds four regional field staff to manage water issues throughout the state.

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Other Questions

38. How many fee increases are you proposing for 2019-21 and how much do they raise?
 - a. As with every budget cycle, agencies that rely on fees for their financial support need to periodically raise fees to cover their costs. This budget includes 314 individual fees proposed for increase, generating about \$41.9 million for 2019-21.
39. What is being done to address DEQ permitting backlog?
 - a. The budget invests \$2.8 M and provides 35 additional positions to address permitting backlog.
40. What is being done to address climate change?
 - a. Climate change presents risks to water supplies, water and air quality, and increases the chance of devastating wildfires and drought. To address these risks, the Oregon Climate Authority has been established. This new agency will establish a carbon cap-and-trade market and take charge of greenhouse gas reporting. The Carbon Policy Office and the Oregon Department of Energy will cease operations and their statutory responsibilities will fold into the Oregon Climate Authority.
41. What will happen to the jobs at the Oregon Department of Energy?
 - a. Almost all positions at the Oregon Department of Energy will transfer to the Oregon Climate Authority. Ultimately the Legislature will determine the final placement of specific positions and programs.
42. What is Oregon doing to prevent catastrophic wildfires?
 - a. In recent years, Oregon has experienced increasingly severe wildfire seasons. The Oregon Department of Forestry, the Oregon State Fire Marshal and the Oregon Military Department have done an exemplary job keeping lives and structures safe from wildfires. To assist the Department of Forestry, the budget includes funding of \$0.4 million to engage a contractor, with input from a blue ribbon panel, to assist the department in designing an effective and sustainable organizational structure to adapt to the “new normal” for fire season.

Investments in Rural Oregon

43. What investments are you making in Rural Oregon?
 - a. Our approach to community and economic development recognizes the unique needs of each of Oregon’s regions and the importance of working locally to identify priorities, solve problems, and seize opportunities. Examples of specific investments targeted towards rural communities in Oregon include:
 - i. Investing \$15 million in bonding proceeds to Regional Solutions as a key resource to strategically align state resources with the local Regional Solutions Advisory Committees, Centers, and Teams.
 - ii. Investing in local infrastructure through the Special Public Works Fund capitalization of \$79.5 million – over 80% of this money goes to rural Oregon.

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- iii. Provides funding to address Oregon's need to understand and manage groundwater on a basin wide scale, and provides over \$30 million for water projects and feasibility studies so that communities and the state can proactively meet the challenges of drought, development and climate change.
- iv. Construction of a Center for Excellence in Engineering at the Oregon Tech campus in Klamath Falls
- v. Funding for capital construction projects for Umpqua Community College, Southwestern Oregon Community College, Blue Mountain Community College, Oregon Coast Community College, Rogue Community College, and Clatsop Community College.
- vi. ODFW: The budget adds \$1 million in funding for the Oregon Conservation Strategy, which aims to monitor, maintain and restore effective habitats for fish and wildlife populations. The jobs related to this initiative will be based in rural Oregon.
- vii. ODFW: \$1 million to fund Wolf Plan implementation
- viii. DLCD: The budget adds \$.5 million to develop a collaborative and coordinated work place that protects sage grouse habitat without undermining economic activity.
- ix. Health Care:
 - 1. Investments in telehealth - \$2.4 million to expand telehealth and efficient forms of treatment
 - 2. CCO 2.0 - \$1.9 million to help OHA achieve the goals of CCO 2.0, which includes identifying strategies for reducing disparities faced in Oregon's rural communities, especially in terms of poverty, housing, and transportation
 - 3. Public Health Modernization - \$13.6 million from increased Tobacco Taxes to ensures foundational public health protections are in place for every person in Oregon
- x. Veterans' Affairs - \$600,000 Lottery Funds to expand transportation services in rural areas for veterans medical services



Who are we serving?

Oregon Health Plan
1 million

Corrections
48k

Int./Dev.
Disabilities
26k

K-12 Students
575k

Supplemental
Nutrition
625k

Aging &
Disabilities
35k

Child Welfare
11k



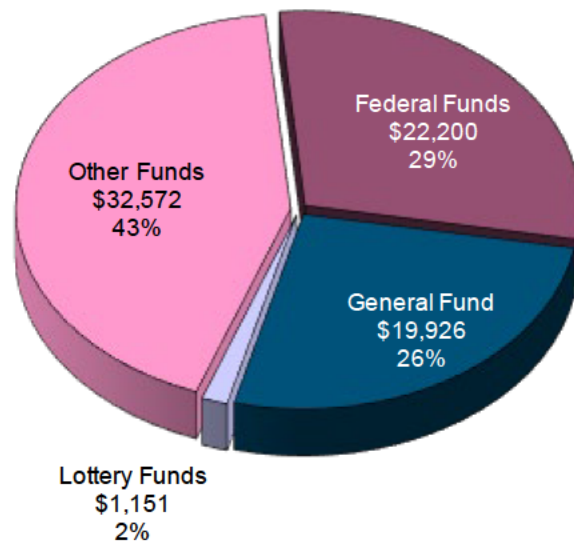
Legislatively Approved Budget 2017-19

Total Funds

(Through May 2018)

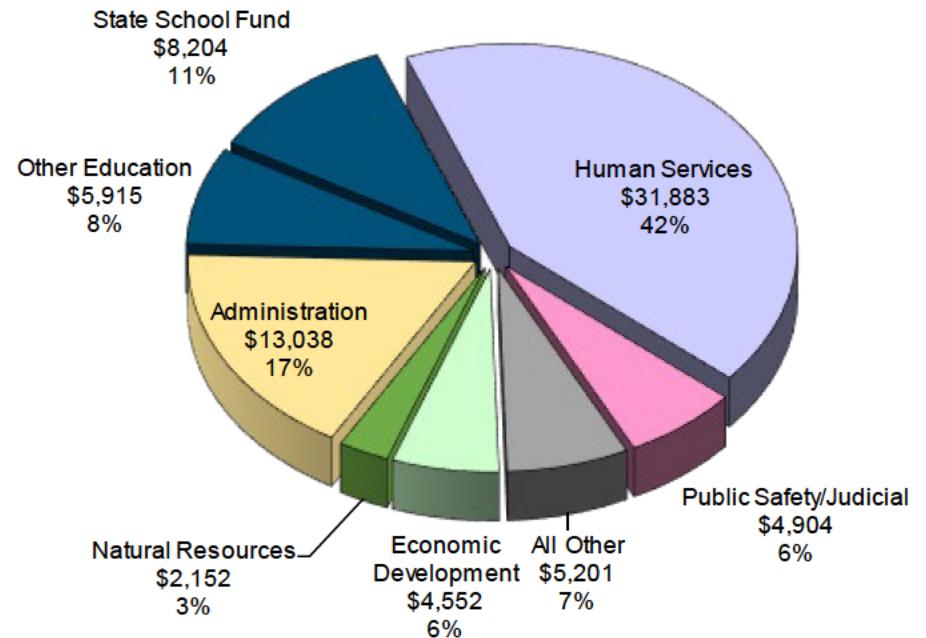
Resources Budgeted

Total: \$75,849 Million



Expenditures

Total: \$75,849 Million*



Note: Other Funds includes \$11 billion from the PERS investment fund for paying out to retirees under the Administration section in Expenditures.

*Numbers do not foot due to rounding.

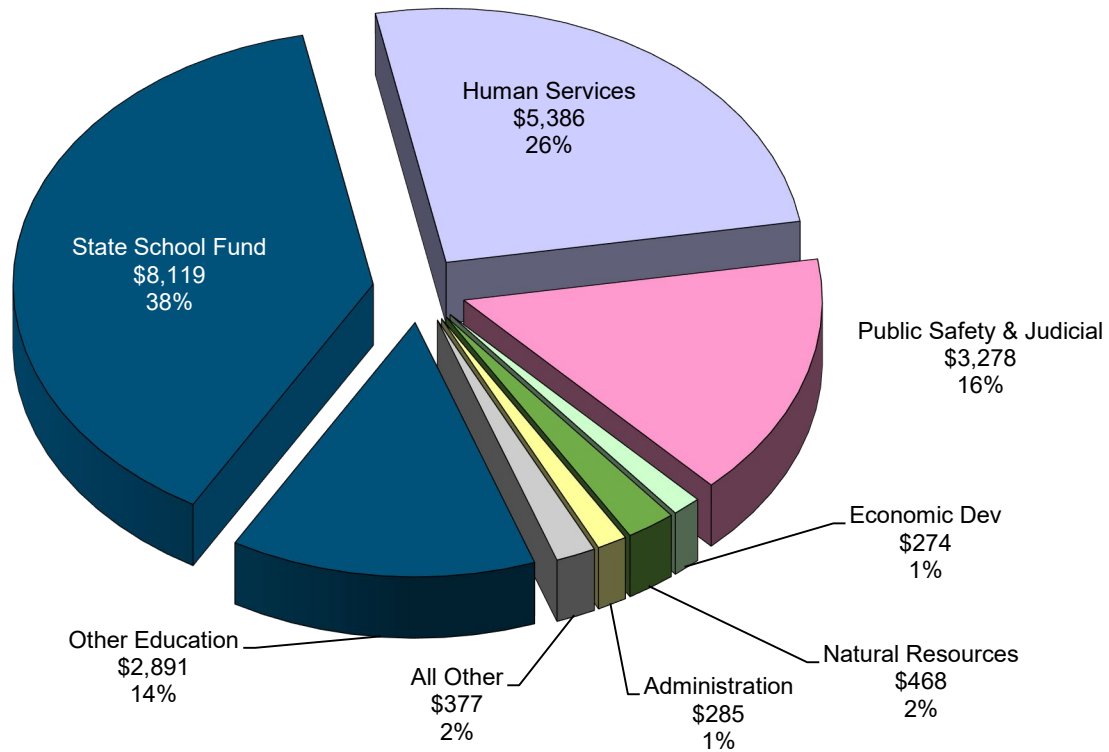


Legislatively Approved Budget 2017-19

General Fund and Lottery Funds Combined

(Through May 2018)

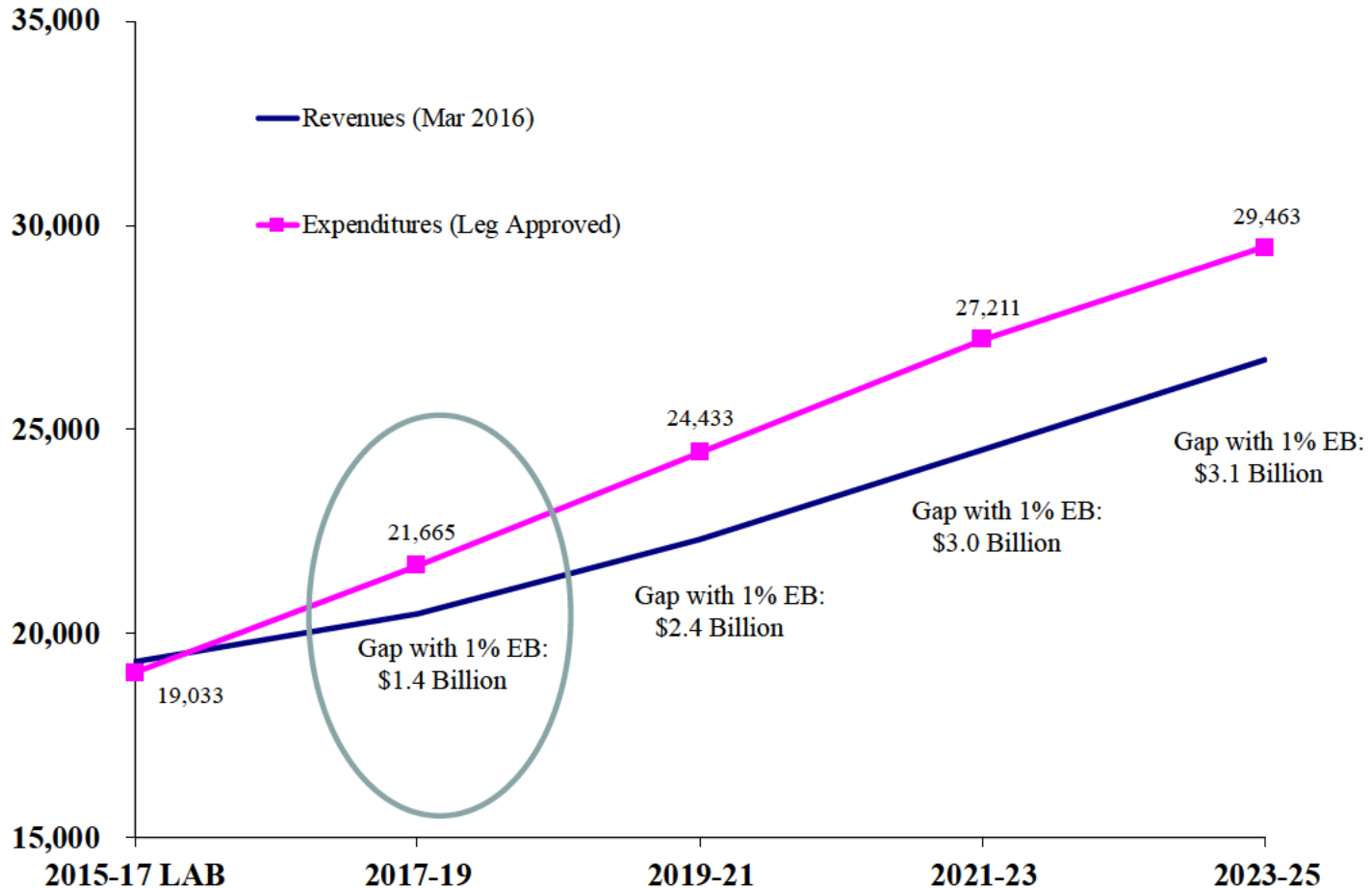
Expenditures Total: \$21,077 Million





2 years ago we faced a \$1.4 billion gap (and a \$2.4 billion gap for '19-21)

Long-term projections from 2016 Budget Kickoff Meeting





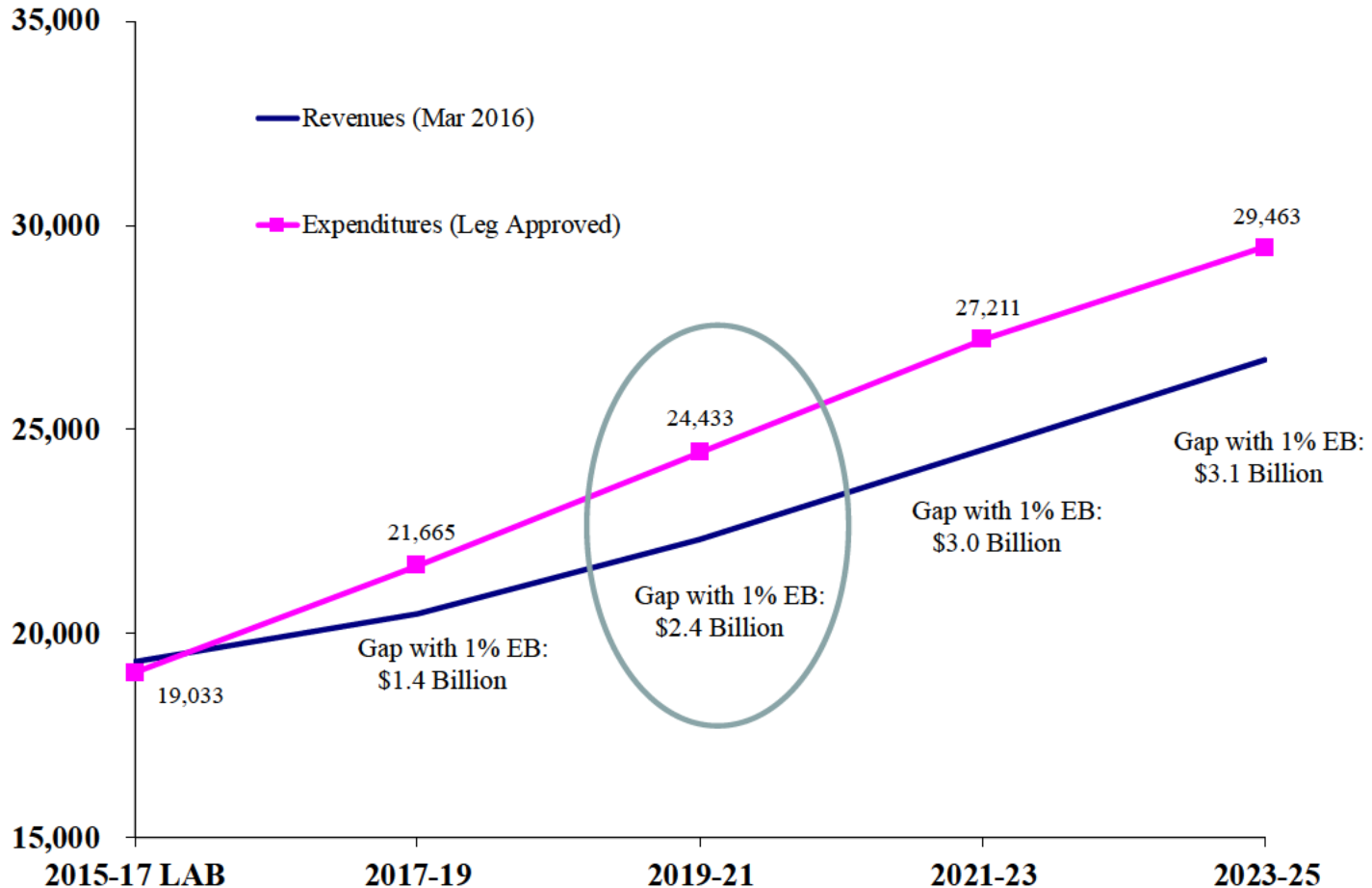
How did we close it?

- Revenue Forecasts went up (\$0.4 billion)
- Essentially flat funded the Oregon Health Authority (\$1.0 billion)
 - Including \$599 million of hospital and insurer assessments
- Across the Board Cost Containment Reductions (\$0.2 billion)
 - Hiring Slowdown
 - Eliminating most inflation
 - Travel reductions
 - Lower DAS and DOJ rates
- All Other Reductions (\$0.2 billion)



2 years ago we faced a \$1.4 billion gap (and a \$2.4 billion gap for '19-21)

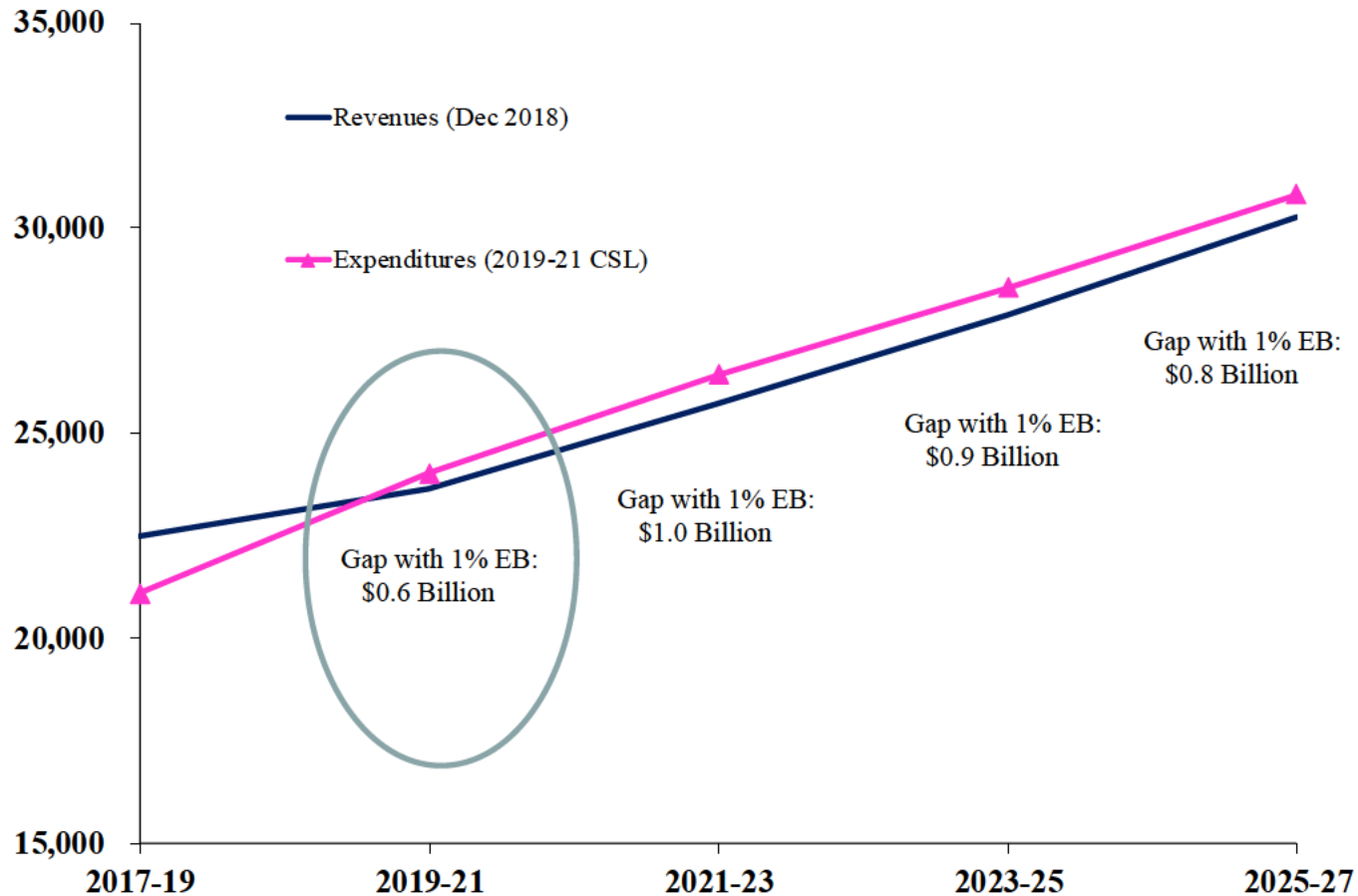
Long-term projections from 2016 Budget Kickoff Meeting





Good news: that \$2.4 billion gap is now much less

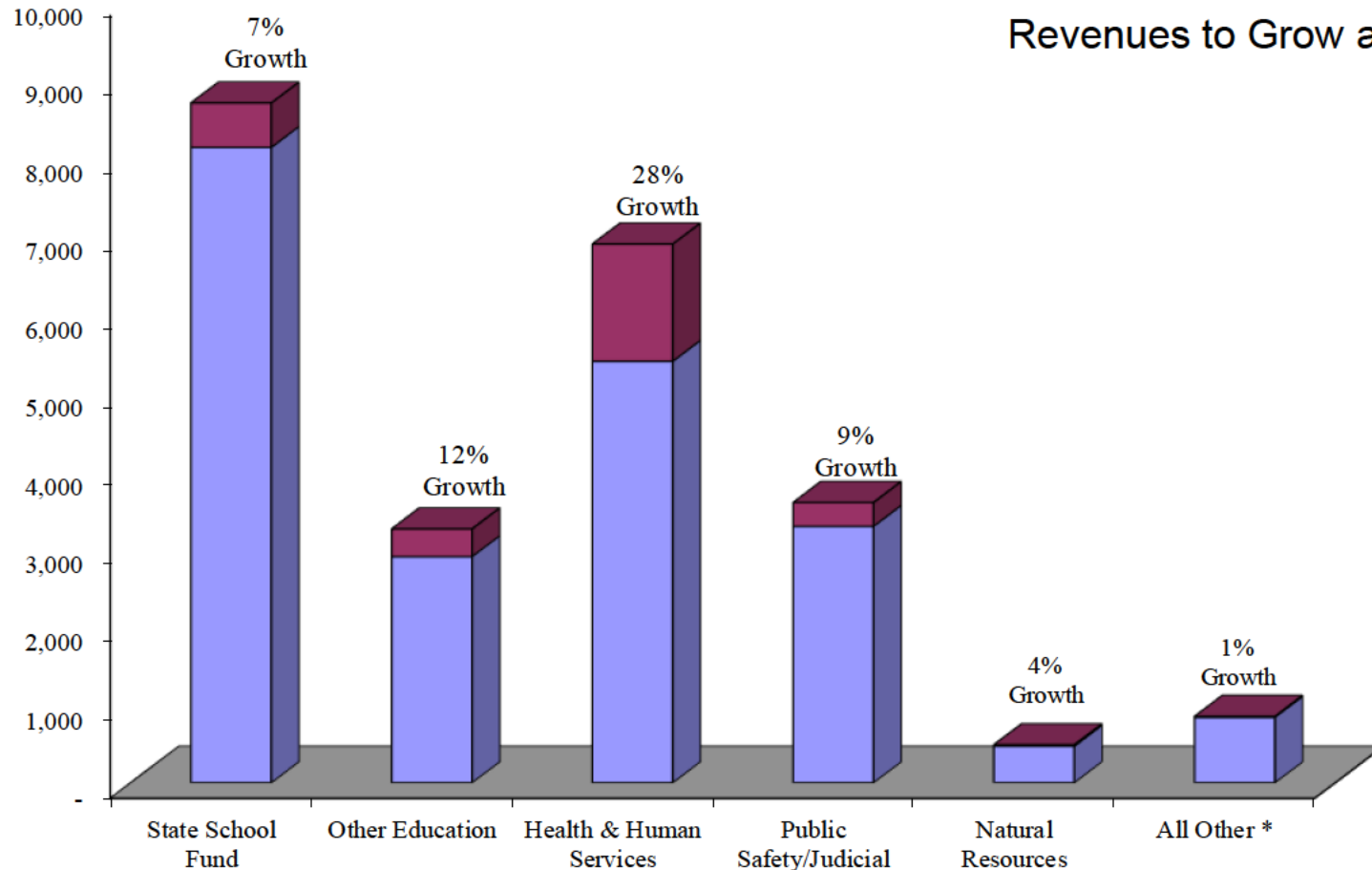
CFO 2018 Tentative Budget Projections





Current Service Level Growth by Program Area

State Economist Projects
Revenues to Grow at about 5%



* - excludes new debt, Salpot, other E-Fund.



Key Budget Drivers

Initiatives

- “Get Tough on Crime” Measures
- Career & Technical Education

Policy Choices

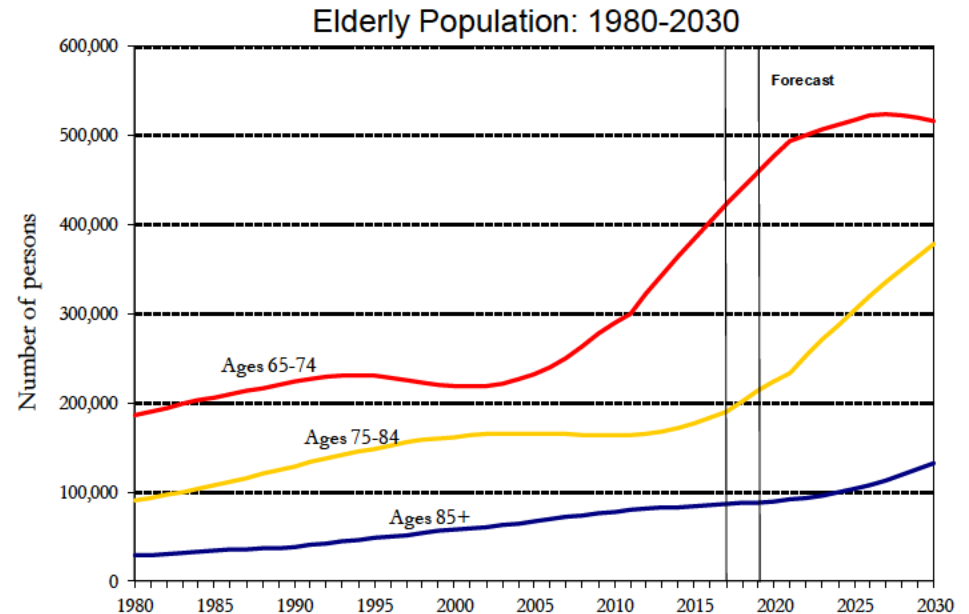
- Affordable Care Act Expansion
- Justice Re-investment Act
- Early Learning

Lawsuits

- Moro Decision (PERS)
- Staley Decision
 - People with Disabilities

Demographics

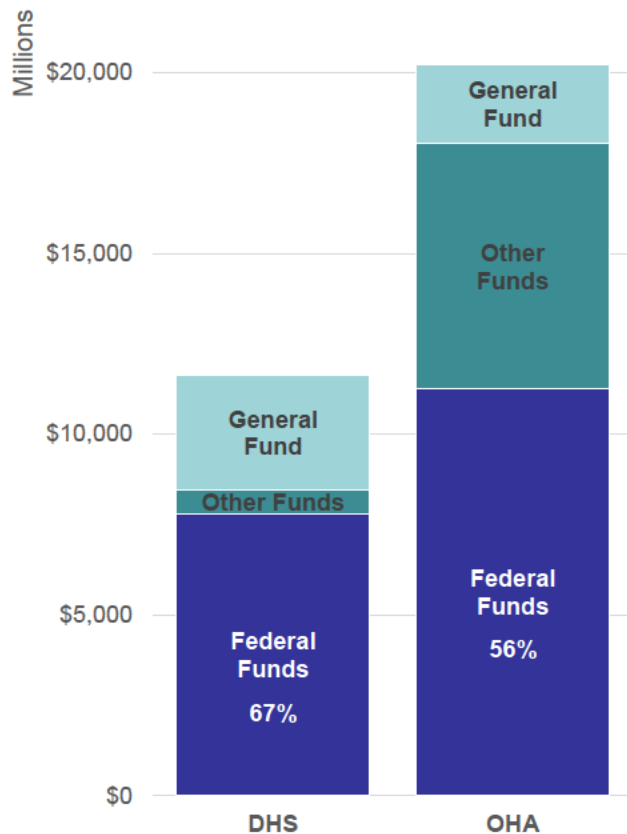
- Seniors
- Economy/Housing/Income





State Programs Rely on Federal Funding

2017-19 Biennial Budget



Federal Funding by Major Program

Oregon Health Authority:

OHP ACA Expansion	94%
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OHP Non-ACA Expansion	63%
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Department of Human Services:

Child Welfare Programs	46%
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Intellectual and Dev. Disability	66%
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Aging and People with Disabilities	64%
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Supplemental Nutrition Benefits	100%
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Who are we serving?

Oregon Health Plan
1 million

Corrections
48k

Int./Dev.
Disabilities
26k

K-12 Students
575k

Supplemental
Nutrition
625k

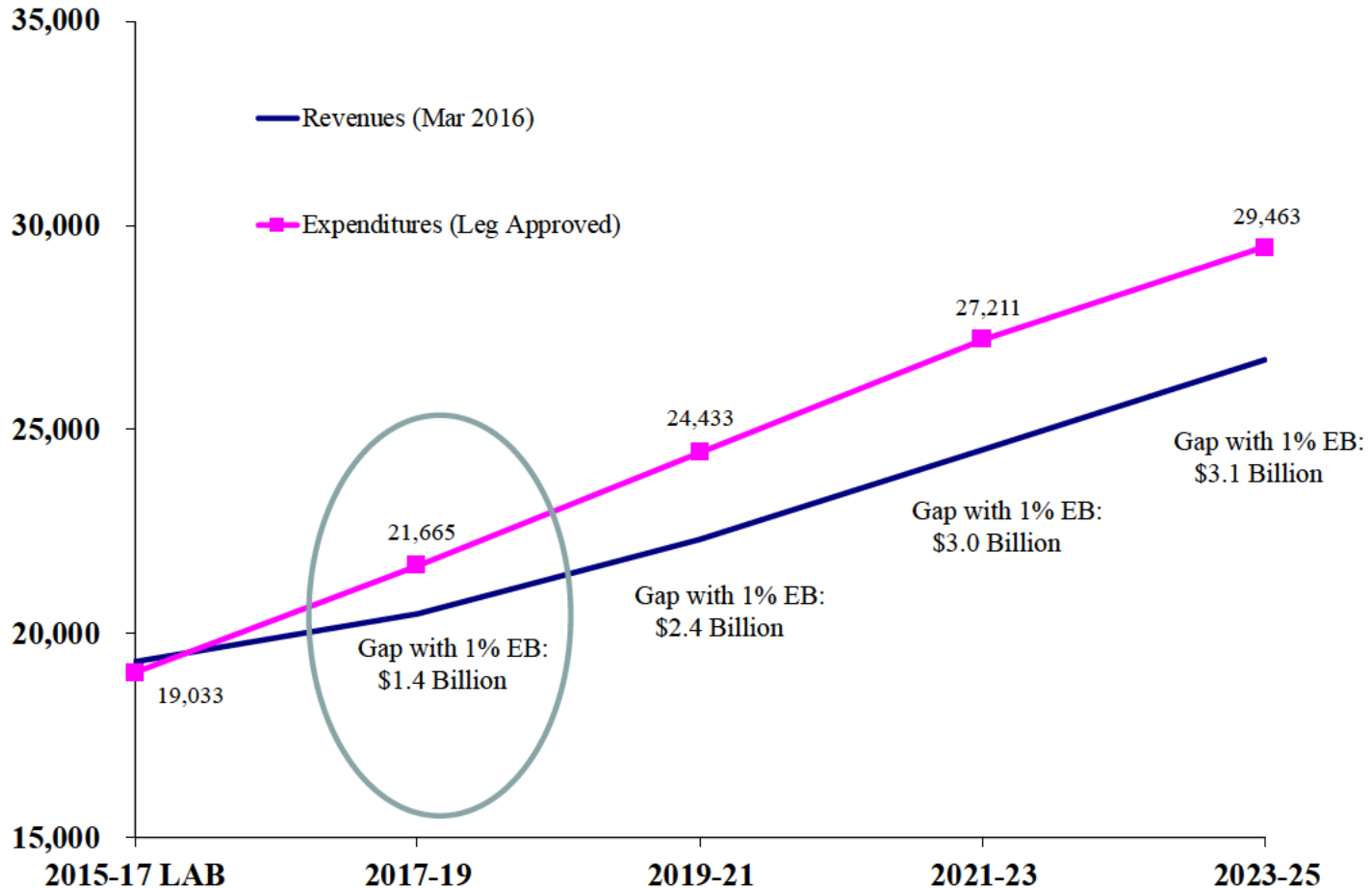
Aging &
Disabilities
35k

Child Welfare
11k



2 years ago we faced a \$1.4 billion gap (and a \$2.4 billion gap for '19-21)

Long-term projections from 2016 Budget Kickoff Meeting





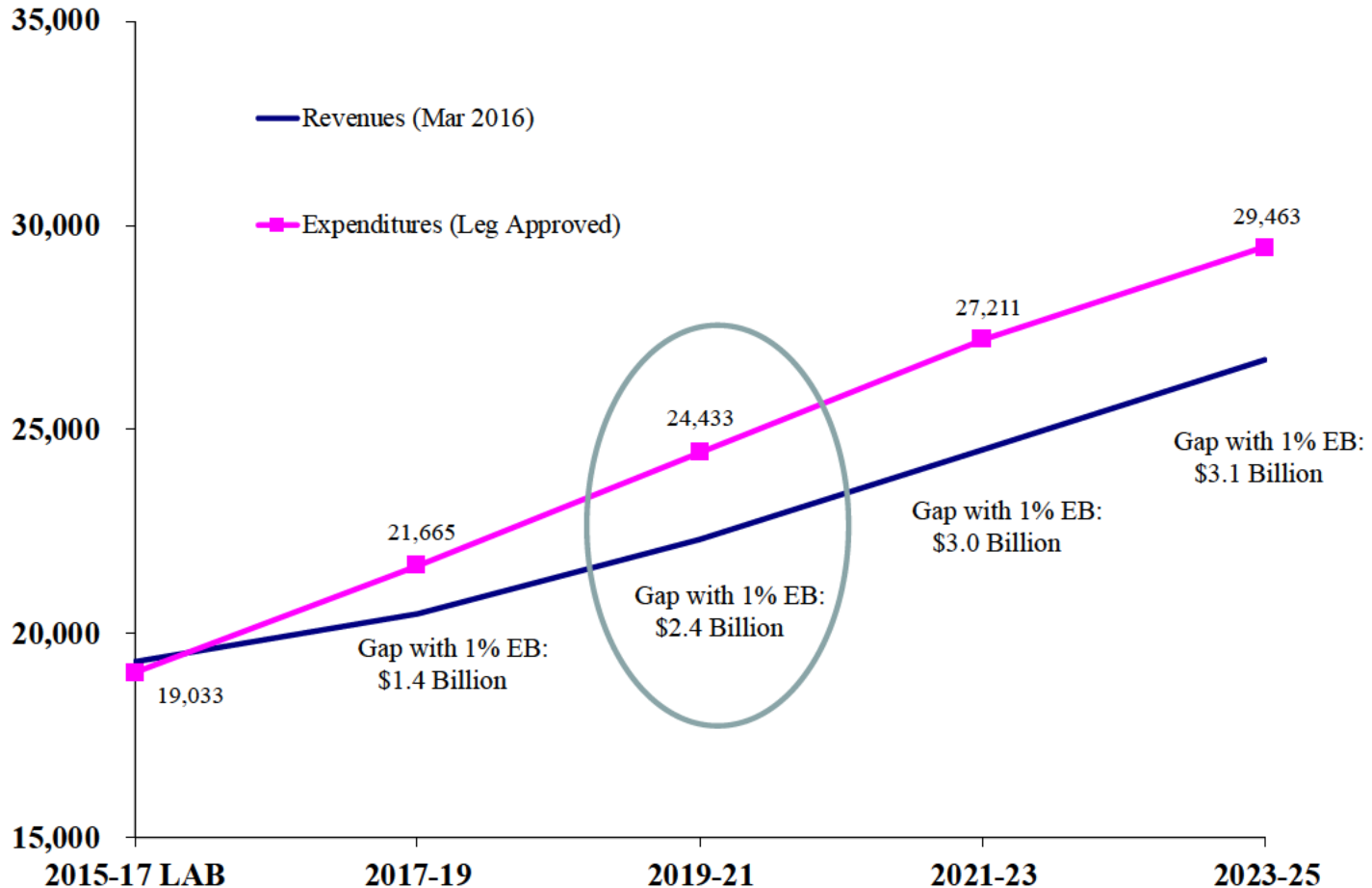
How did we close it?

- Revenue Forecasts went up (\$0.4 billion)
- Essentially flat funded the Oregon Health Authority (\$1.0 billion)
 - Including \$599 million of hospital and insurer assessments
- Across the Board Cost Containment Reductions (\$0.2 billion)
 - Hiring Slowdown
 - Eliminating most inflation
 - Travel reductions
 - Lower DAS and DOJ rates
- All Other Reductions (\$0.2 billion)



2 years ago we faced a \$1.4 billion gap (and a \$2.4 billion gap for '19-21)

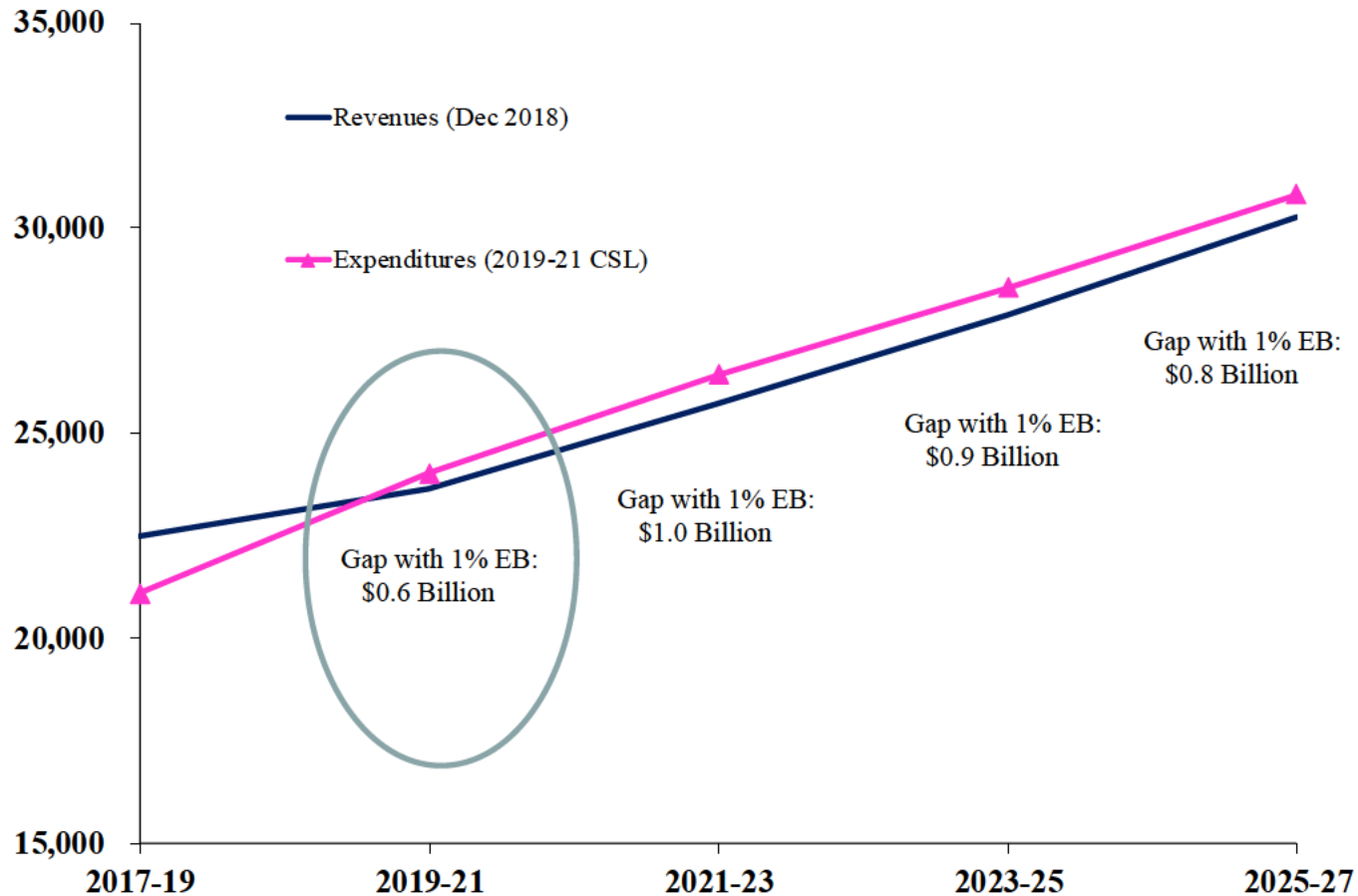
Long-term projections from 2016 Budget Kickoff Meeting





Good news: that \$2.4 billion gap is now much less

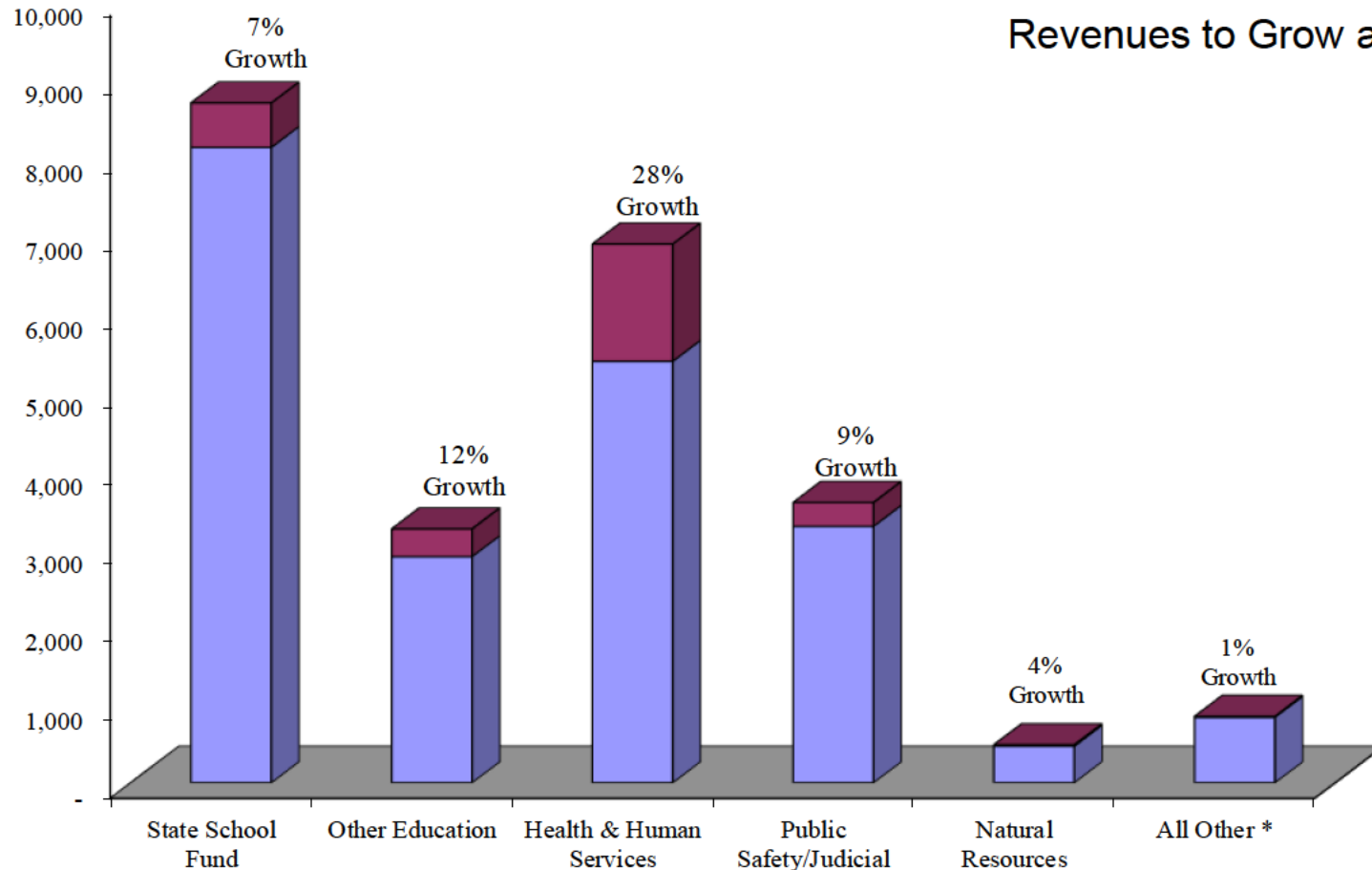
CFO 2018 Tentative Budget Projections





Current Service Level Growth by Program Area

State Economist Projects
Revenues to Grow at about 5%



* - excludes new debt, Salpot, other E-Fund.



Key Budget Drivers

Initiatives

- “Get Tough on Crime” Measures
- Career & Technical Education

Policy Choices

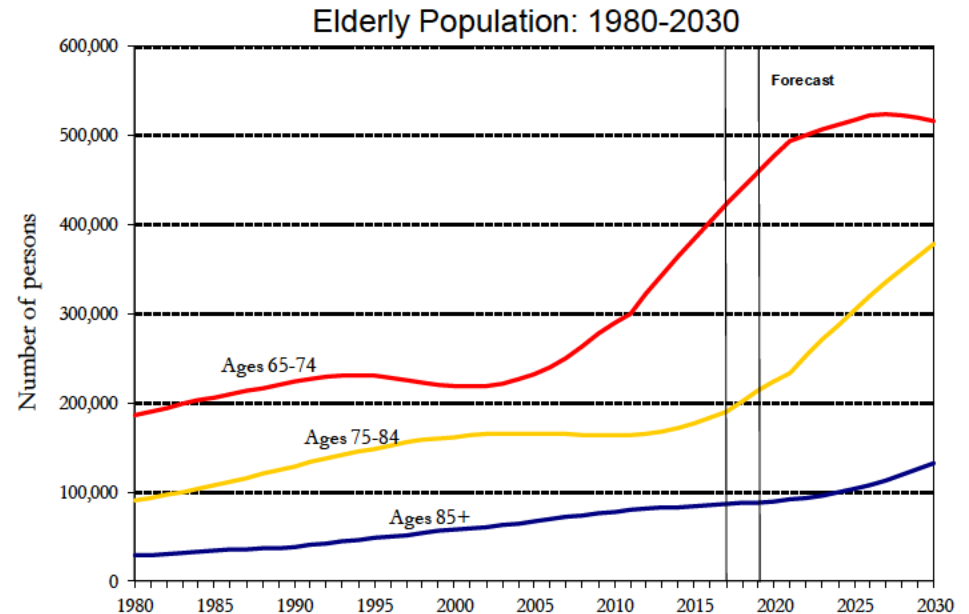
- Affordable Care Act Expansion
- Justice Re-investment Act
- Early Learning

Lawsuits

- Moro Decision (PERS)
- Staley Decision
 - People with Disabilities

Demographics

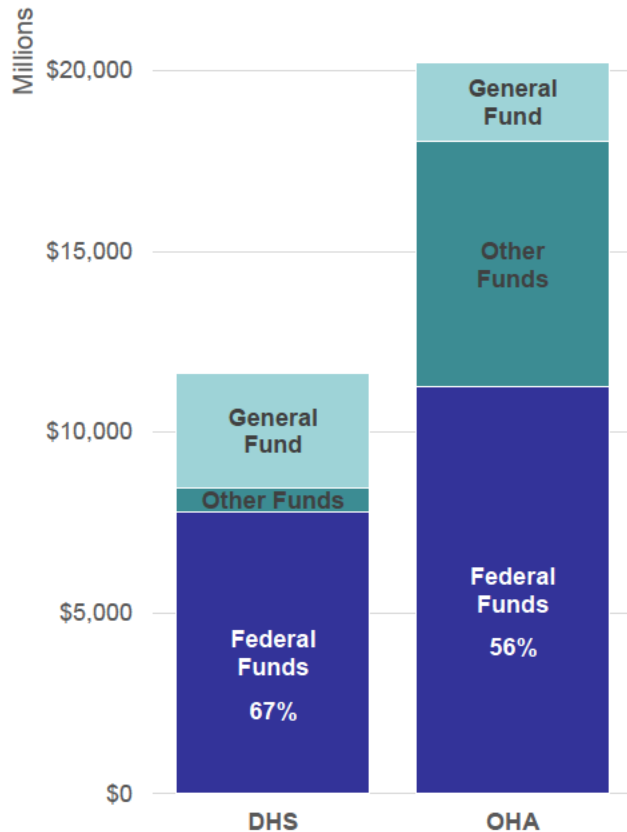
- Seniors
- Economy/Housing/Income





State Programs Rely on Federal Funding

2017-19 Biennial Budget



Federal Funding by Major Program

Oregon Health Authority:

OHP ACA Expansion	94%
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OHP Non-ACA Expansion	63%
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Department of Human Services:

Child Welfare Programs	46%
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Intellectual and Dev. Disability	66%
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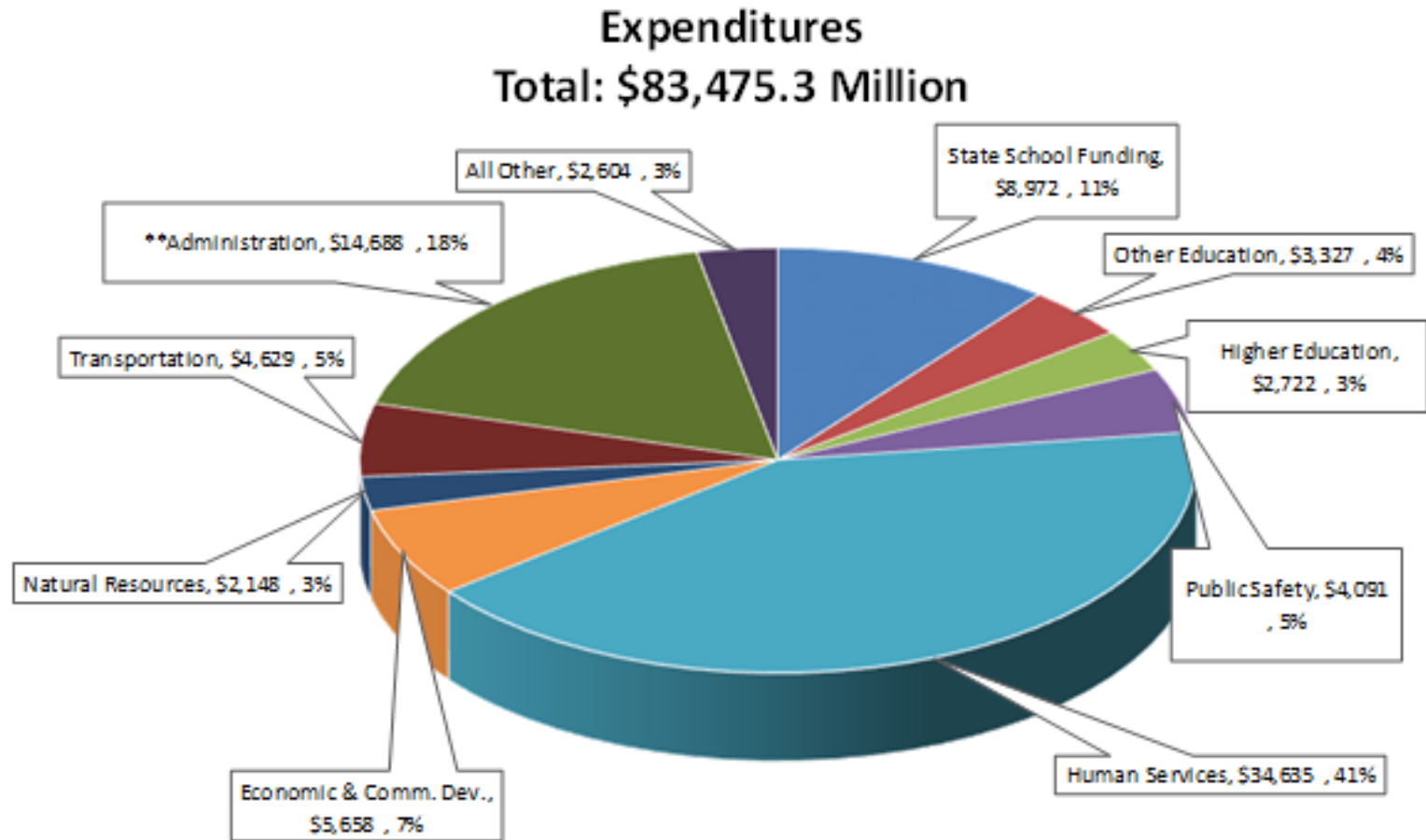
Aging and People with Disabilities	64%
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Supplemental Nutrition Benefits	100%
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Governor's Budget 2019-21

Total Funds



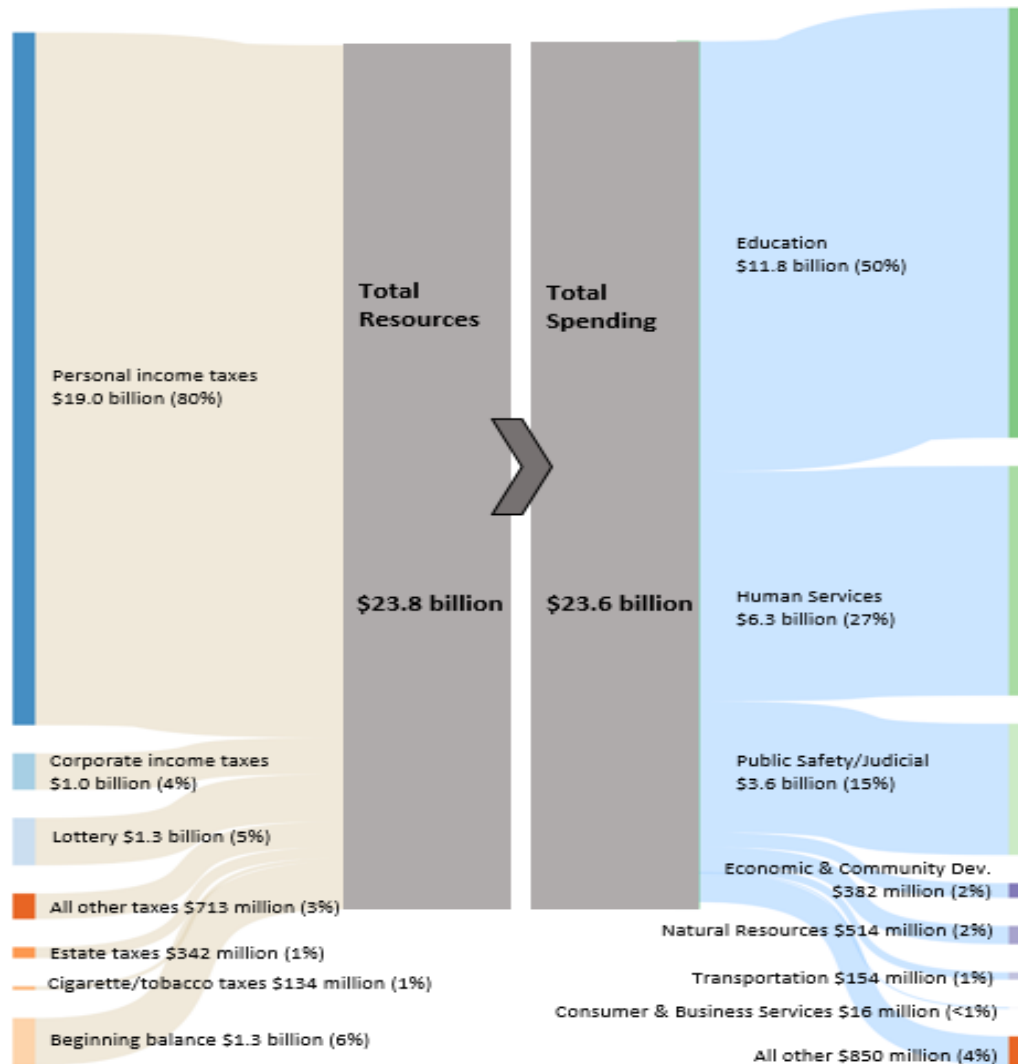
*Totals may not foot due to rounding.

** Other Funds include \$12.5 billion from the PERS investment fund for paying out to retirees under the Administration section in Expenditures.



Governor's Budget 2019-21

General Fund and Lottery Funds Combined

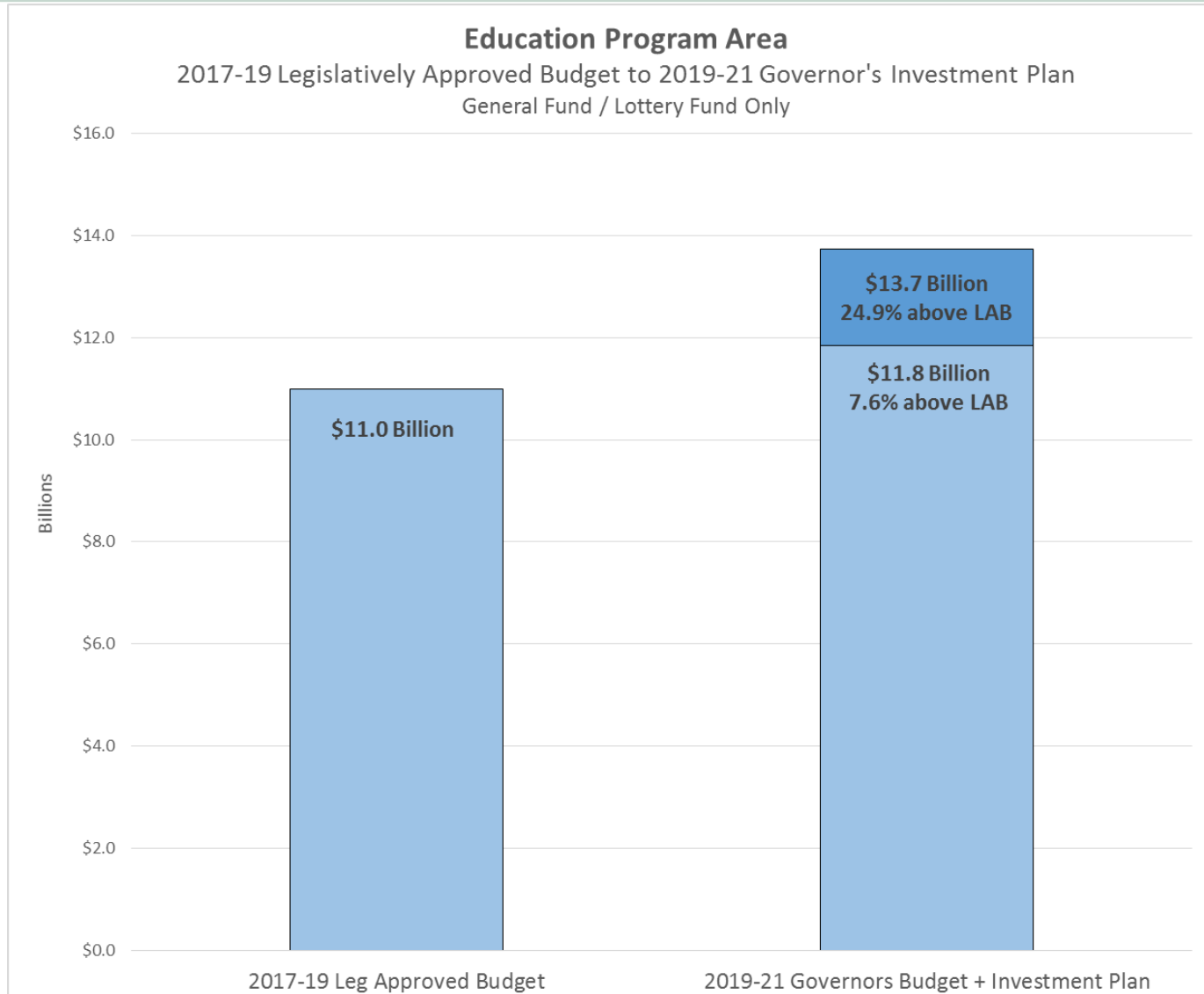


*Numbers may not foot due to rounding.



Governor's Budget and Investment Plan

Education Program Area



From: [Tina Edlund](#)
To: [EDLUND Tina * GOV](#)
Subject: Materials for this week
Date: Sunday, November 25, 2018 9:23:49 PM
Attachments: [HC Townhall-Gov TPs LR Edits 11-25-19.docx](#)
[443_OHA_2019-21 Gov's Budget v3_tde and lr full document edits.docx](#)
[HC Townhall one pager 11-29-18.docx](#)

fyi

Health Care Town Hall Talking Points

What is funded in the budget?

- General Fund budget for OHA represents a 12.8% increase from the 17-19 biennium.
- **Budget represents vision of providing Oregonians with access to affordable health care no matter who they are or where they live.**
 - **Continues our commitment to coverage. Oregon is not going backward.**
 - Oregon Health Plan and Cover All Kids fully funded at 3.4% inflation
 - Funding Oregon Reinsurance Program which saves Oregonians an average of 6 percentage points on their health insurance premiums in the individual market
 - Significant investments in mental health and addiction services: shifts one-time MH revenue to GF support (\$17.7m), restores rate reductions in behavioral health (backfilling loss of tobacco tax revenue) (\$9.1m)
 - Budget reflects our focus on reducing health care costs and improving outcomes across generations (sustainable rate of growth, addressing addictions treatment and behavioral health integration, getting upstream through public health modernization, sustainable, long-term financing).

These are the investments we are making to achieve my vision:

1. Sustaining the model: Medicaid Finance Plan (see attached)

I convened a workgroup of health care partners to arrive at a consensus-driven plan to secure long-term, sustainable funding for the Oregon Health Plan. The recommended plan includes broad-based, sustainable revenue over a six-year timeline. My financing package does not turn back on our progress and ensures stability for low-income Oregonians throughout the state.

- Hospital assessment: moving reimbursable assessment from 5.3% to 6.0%
- Health insurance, managed care and stop-loss assessments
- Subsidized employer assessment
- Tobacco tax: \$2 pack, OTP and vaping

These investments are to preserve and continue the Oregon health plan for six- years. Each of these items are necessary to not cut coverage or remove any necessary services. Tobacco Tax is earmarked for tobacco prevention, Public health modernization and the Oregon Health Plan.

2. Helping Children to Achieve their Full Potential

- Multi-generational addictions treatment: \$5.5m to expand pre-natal and postpartum addictions treatment and support for mothers
- Intensive in-home behavioral health services: \$19.6m in state and federal funds

Due to a lack of intensive community-based services, many Medicaid-eligible youth are referred to residential care instead of receiving treatment in their home community. The

creation of new intensive care opportunities in communities will provide alternatives to residential services and help keep families together.

- Suicide Prevention for Youth and Adults: \$13.1m

Investing in earlier intervention and access to behavioral health services for Oregon's elementary, middle school, and high school students will help them stay in school, improve learning outcomes, graduate, and prevent detrimental behavioral health issues. This is critical in order to stem the rising rate of suicide. To support this goal, the Governor's Budget provides \$13.1 million to implement the priorities in the Youth Suicide Intervention and Prevention Plan, support mental health consultation and treatment in schools, help communities in crisis, and develop a comprehensive adult suicide prevention plan.

- Regional Assessments for at-risk children and youth: \$10.4m

This investment supports integrated evaluations and care planning for children and their families. It reflects a new model, with a priority to assist children inappropriately placed in temporary lodging or ED boarding.

- Universal home visiting: supporting parents and families: \$8.7m

Home visiting programs are a proven way of creating a safe and healthy environment for children by supporting parents and families with information about screenings, referrals, check-ups and other essential information that provide lasting benefits and the foundation for a lifetime of physical and mental well-being. We have a multi-biennium strategy with a goal of reaching 10,000 infants in this first biennium.

- Office of Child Health. *The budget establishes an Office of Child Health to provide a central point of coordination for pre-natal and child health initiatives.*

3. Improving Health Outcomes

- CCO 2.0

You asked the Health Policy Board to focus on 4 areas for CCO 2.0: sustainable rate of cost growth, paying for value, social determinants of health and equity, and improved access to and integration of behavioral health. CCO 2.0 reflects those priorities in its support for the Board's recommendations around improved integration and access to behavioral health services, improving health equity and reducing disparities through improved engagement with tribes, diverse OHP members and their community advisory councils, increasing integration and use of traditional health workers—all as part of the new procurement.

- Public Health Modernization: \$13.6m funded through tobacco tax.

Investments so that our public health systems will have the capacity and resiliency to provide foundational public health services across the state—foundational services such as communicable disease control and chronic disease prevention. In addition, our public health systems are being asked to respond to unprecedented stresses—such as smoke from wild

fires, impact of toxic algae blooms. These 21st century problems require a 21st century public health system.

- Housing Support: 500 units of permanent supported housing: \$4.5m from OHA to support services
- Tobacco Cessation: Increased cigarette tax
- Eradication of Hep C: \$10m in GF to treat all levels of fibrosis, down

4. Enhancing behavioral health system

- Advancing BH integration: \$5.9m in incentives for providers to invest in foundational technologies, esp. BH electronic health records, essential for effective integration with physical health.
- Educating providers on alternatives to opioids
- Community mental health investments: \$7.6 m for increased community capacity.

5. Next Steps:

The financing package will require your support and coordination with our office. We are going to need your help moving these investments forward.

- Plan for Session: move early, etc.
- Ask for endorsement?
- Ask for letters of support?

6. Q&A

Oregon Health Authority

General Fund			
Lottery Funds			
Other Funds			
Federal Funds			
Other Funds (Nonlimited)			
Federal Funds (Nonlimited)			
Total Funds			
Positions			
Full-time Equivalent			

OVERVIEW

The Governor's Budget for the Oregon Health Authority (OHA) reinforces the state's commitment to making the health of Oregonians a core foundation of the state while ensuring the health care delivery model remains sustainable during a time of increasing cost pressures and reduced federal funding. The budget helps achieve critical health care outcomes through strategic investments, revenue reforms, and cost savings measures – all while preserving coverage, health care benefits and holding the state's health care programs to high standards.

OHA achieves its mission of helping people and communities reach optimal physical, behavioral, and social well-being through the following health care programs: Oregon Health Plan (OHP), Non-Medicaid Behavioral Health, the Oregon State Hospital, Public Health, Health Policy and Analytics, the Public Employees' Benefit Board (PEBB), and the Oregon Educators Benefit Board (OEBB). The nine-member Oregon Health Policy Board also serves as the policy-making and oversight body for OHA and helps ensure access to quality, affordable health care for all Oregonians.

The OHA budget directly impacts a significant portion of Oregon's population:

- Nearly 1,300,000 individuals receive health care coverage through OHP, PEBB, ~~and or~~ OEBB;
- Over 50,000 individuals receive non-Medicaid behavioral health support and treatment services through local community mental health and substance use disorder programs;
- Approximately 600 individuals receive 24-hour psychiatric care through the Oregon State Hospital system; and,
- Every Oregonian benefits from disease prevention and wellness services provided by the Public Health Division.

There are also more than 115,000 Oregonians who purchase federally-subsidized health care coverage through the state's Health Insurance Marketplace. In 2017, Governor Brown expanded coverage even further by signing Cover All Kids into law, which extended eligibility for medical assistance to all Oregon children residing in families with incomes up to 300 percent of the poverty level. All children in Oregon now have access to quality health care coverage.

Commented [TE1]: Since this is the OHA section of the budget, do you think this belongs?

In less than a decade, Oregon's focus on health care has vastly increased the overall number of Oregonians who have comprehensive coverage—pushing the rate of coverage from 85 percent of all Oregonians in 2011 to 94 percent today. Yet coverage alone is not enough. Meaningful improvement in health requires having the same kind of access to oral health and behavioral health as we have for traditional physical health care services. The state must also continue to improve the affordability and sustainability of our health care system while ensuring Oregonians can be as healthy as possible.

Governor Brown's 2019-21 budget addresses these important issues by taking a multi-biennia approach to ensure our health care programs remain sustainable and implements a robust health care agenda focused on addressing underlying costs and raising the bar for health outcomes.

GOVERNOR'S BUDGET

The 2019-21 Governor's Budget for OHA totals \$22,048.2 million, which represents a 9.0 percent increase from the 2017-19 Legislatively Approved Budget. The General Fund budget is \$2,441.5 million and represents a 12.8 percent increase from 2017-19. The budget supports 4,297 positions (4,221.17 FTE).

The Governor's plan advances Oregon's success with health care transformation through the following interrelated strategic reforms and investments: helping children achieve their full potential; enhancing the behavioral health system; improving overall health outcomes; and sustaining-extending Oregon's health care model.

Helping Children Achieve their Full Potential

Governor Brown convened her Children's Cabinet in 2017 to create pathways toward prosperity for children and their families. ~~Through~~ As shown in the Cabinet's recommendations and the strategies outlined in the Governor's Health Care and Addictions and Recovery Agendas, health care is at the intersection of children ~~being able to grow-upgrowing up~~ to be successful adults. All children in Oregon currently have access to health care coverage, with children in low-income families covered by Medicaid and the Children's Health Insurance Program (CHIP). But more needs to be done given increasing challenges children and families face.

To address these challenges, the Governor's Budget makes key investments in evidence-based health care solutions that improve the conditions of all Oregonians while creating pathways for resiliency and success.

- Multi-Generational Addictions Treatment - The indiscriminate chronic disease of substance use disorder (SUD) plagues Oregon families from all backgrounds. Parents and caregivers who suffer with SUD expose their children to adverse childhood experiences, thus increasing the probability that kids will suffer from the same chronic illness. To help break the cycle of addiction passed through generations, the Governor's Budget invests \$5 million to expand prenatal and postpartum treatment and support for mothers.
- Intensive In-Home Behavioral Health Services – Due to a lack of intensive community-based services, many Medicaid-eligible youth are referred to residential care instead of receiving treatment in their home community. The creation of new intensive care opportunities in communities will provide alternatives to residential services and help keep families together. The Governor's Budget includes \$19.6 million in state and federal

matching funds to enable coordinated care organizations and providers to deliver such services, which can include individual and family therapy, peer-delivered services, medication management, and 24-hour crisis response.

- Universal Home Visiting – Home visiting programs are a proven way of creating a safe and healthy environment for children by supporting parents and families with information ~~and care to form information about screenings, referrals, check-ups and other essential information that provide lasting benefits and~~ the foundation for a lifetime of physical and mental well-being. The Governor's Budget recognizes this through an \$8.7 million investment of state and federal funds for a Universal Home Visiting program to complement existing home visiting services by helping families enter into their community system of care. This investment will bring together community partners to improve health outcomes, reduce adverse childhood experiences, decrease rates of maternal mortality, enhance positive parenting behaviors, and put in place a system of preventive care that avoids downstream costs.

- Regional Assessments – The Governor's Budget includes \$10.4 million to support integrated evaluations and care planning for children and their families. This reflects a new model, with a priority to assist the children who are inappropriately placed in a certain settings, such as temporary lodging or Emergency Department boarding, through evaluation, assessment, and stabilization. On an ongoing basis, these regional programs will be the go-to source when children are "stuck" in an inappropriate placement. Regional Assessment programs may be co-located with short-term stabilization beds to support children when an appropriate placement is not immediately available.
- Reduce Risk Factors for Suicide – Investing in earlier intervention and access to behavioral health services for Oregon's elementary, middle school, and high school students will help them stay in school, improve learning outcomes, graduate, and prevent detrimental behavioral health issues. This is critical in order to stem the rising rate of suicide. To support this goal, the Governor's Budget provides \$13.1 million to implement the priorities in the Youth Suicide Intervention and Prevention Plan, support mental health consultation and treatment in schools, help communities in crisis, and develop a comprehensive adult suicide prevention plan.
- Office of Child Health – OHA currently lacks a defined team ~~able to provide the necessary essential~~ coordination and focus on prenatal and child health initiatives. To remedy this, the Governor's Budget creates the Office of Child Health to enhance OHA's ability to improve long-term health outcomes in Oregon, with a focus on the prenatal through age 5 population.

Improving Health Outcomes

Improving the health status of every Oregonian requires pushing the coordinated care model beyond the success of the past six years by spurring sustainable community innovation, investing in social determinants of health and equity, and strengthening connections to public health, human services, and long-term support.

- CCO 2.0 – OHA is currently undertaking the significant advancement of the coordinated care system in preparation for a new procurement of coordinated care organizations (CCOs) in 2020. The priorities outlined by the Governor for this endeavor focus on

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improving the behavioral health system, increasing value and pay for performance, maintaining sustainable cost growth, and addressing social determinants of health and equity. Increasing strategic spending on social determinants of health, ~~health and equity is particularly critical~~ for reducing disparities faced in Oregon's rural communities, ~~particularly especially~~ in terms of the level of poverty, lack of housing and transportation, and challenges to accessing care in those communities. ~~Meeting the health care needs of Oregon's tribal members is also imperative to ensure community health priorities and investments are appropriately aligned.~~ Overall, Oregon must improve access to health care that is culturally responsive and enhances the social, physical, behavioral and oral health. ~~CCO 2.0 will achieve these goals in part by strengthening meaningful engagement of tribes, diverse Oregon Health Plan members, Community Advisory Councils (CACs) and by increasing the integration and use of Traditional Health Workers (THWs).~~ While many of the investments and reforms included in the Governor's Budget for OHA support this initiative, the budget also includes a \$1.9 million investment necessary for OHA to ~~carry out the immense work and~~ achieve the goals of CCO 2.0.

- **Public Health Modernization** – A healthy population requires a 21st century public health system with the capacity and resilience to provide foundational public health services across the state, such as communicable disease control, chronic disease prevention, and emergency preparedness. Public Health Modernization remains a top priority for the 2019-21 biennium and the Governor builds on the existing \$5 million modernization budget with an additional \$13.6 million investment in 2019-21. A modern public health system ensures foundational public health protections are in place for every person in Oregon, the public health system is prepared and has the right resources to address emerging health threats, and the system is focused on building health equity and eliminating health disparities.
- **Housing Support** – Access to safe, quality, and affordable housing—including the support necessary to maintain that housing—represents one of the most critical social determinants of health. Under the Governor's leadership, OHA and Oregon Housing and Community Services are collaborating to create at least 500 new units of permanent supportive housing across Oregon to help the chronically homeless get off the streets and have access to addiction and mental health treatment. The Governor's Budget includes \$4.5 million for OHA to provide behavioral health and other critical support to these individuals as these housing units become available later in the 2019-21 biennium.
- **Tobacco Cessation** – Tobacco remains the number one cause of preventable death and disease in Oregon. About 31 percent of adults on the Oregon Health Plan currently smoke. Most addiction to tobacco starts in adolescence; nine of 10 adults who smoke report that they started smoking before turning 18. Medical expenses and lost wages resulting from tobacco-related disease and premature death cost Oregon \$2.5 billion each year, or \$1,600 for every Oregon household in our state. Increasing the price of tobacco products is one of the most effective policy tools to reducing tobacco use, yet Oregon's cigarette tax remains lower than most other states, currently ranking 32nd in the nation, and is far behind neighboring California and Washington, where cigarette taxes are \$2.87 and \$3.06 per pack respectively. To reduce the use of tobacco and its outsized consequences on the health of Oregonians, the Governor proposes a \$2.00 per pack increase on the state's existing cigarette tax, extends the existing wholesale tax on other tobacco products to vaping products, and increases other non-cigarette tobacco taxes. Not only will the

Commented [MT*C3]: <https://www.oregon.gov/oha/PH/PreventionWellness/TobaccoPrevention/Documents/TPEP%20Report%202015%20to%202017.pdf>

Commented [MT*C4]: Tax Policy Center, Urban Institute and Brookings Institute; August 2018

Commented [TE5]: <https://www.tobaccofreekids.org/assets/factsheets/0222.pdf>

increased cost of these products reduce tobacco use and increase the health of Oregonians, the additional revenue through this proposal will support the Oregon Health Plan. In turn, this investment will help further advance tobacco cessation and improved health outcomes by sustaining health care coverage and the corresponding health services provided.

- **Ending Hepatitis C Infections** – Hepatitis C is one of the most common blood-borne diseases in the United States and also one of the driving causes of liver cancer and liver transplants. Fortunately, new treatments exist to cure infected patients. Although the cost for these treatments continue to decline, they still remain expensively prohibitive. An investment in the 2017-19 biennium enabled OHA to expand Hepatitis C treatment to Oregon Health Plan patients with later stages of the disease. The 2019-21 Governor's Budget increases this investment with an additional \$10.7 million in state and federal resources to ensure treatment is available to Oregon Health Plan members with any stage of the disease and puts the state on track to ~~ending-eradicate~~ the cascading effects of Hepatitis C infections.

Commented [TE6]: Wow! \$107m!

Enhancing the Behavioral Health System

A key strategy to achieving lower costs, better outcomes, and better health is to reduce health care silos. Physical health, mental health, substance use disorder treatment, and oral health services are too often delivered in separate, fragmented ways. By integrating these services and making targeted investments, Oregon can expand access to appropriate treatment at the right time, maximize the opportunity to achieve better health outcomes, and lower costs.

- **Advancing Behavioral Health Integration** – Improving the behavioral health system is one of the Governor's top priorities ~~through-for~~ CCO 2.0. To establish a more connected system, the Governor's Budget provides \$5.9 million to incentivize providers to invest in foundational technology, especially behavioral health electronic health records, help adapt the primary care home model to advance integration within behavioral health settings, and improve access to evidence based pharmaceutical treatments and practice guidelines.
- **Develop Alternatives to Opioids** – As part of the Governor's strategy to address the opioid epidemic, the budget makes further investments to train providers in appropriate opioid prescription practices and alternative approaches to pain management.
- **Community Mental Health Investments** – One of the most critical relationships in Oregon's behavioral health system involves the Oregon State Hospital and community mental health treatment programs. Although a key goal of Oregon's mental health system is to treat patients in communities as opposed to providing institutionalized care, some patients in the criminal justice system ~~must~~ receive stabilization treatment and evaluation in the State Hospital under court orders as a result of their inability to "aid and assist" in their own defense. Due to a prolonged increase in the Aid and Assist population, the State Hospital struggles to accept new patients from the courts in a timely manner as required by statute. This capacity constraint also negatively impacts other types of patients who need hospital level of care and strains communities struggling to appropriately treat these patients.

The Governor's Budget addresses this situation through a multi-faceted strategy. First, the budget supports the opening of a new unit at the State Hospital for 12 months as a stop-gap solution to resolve the immediate capacity needs. Second, her budget invests \$7.6 million to

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increase long-term capacity for intermediate services at the community level. This investment is in addition to \$4.1 million invested in the community mental health system in 2015-17 to increase treatment capacity. The temporary opening of the new unit at the State Hospital and the additional investment in local community treatment capacity complement statutory reforms proposed by the Governor to ensure the State Hospital's costly level of care intended for the hardest to treat patients is not used for patients who commit misdemeanors and would be more appropriately treated in community settings unless evaluated and determined otherwise.

Sustaining Oregon's Health Care Model

One of the predominant challenges facing the Oregon Health Plan continues to be the growth in the level of state funds needed to sustain health care services absent any reforms to program revenue or significant reductions in health care. A significant portion of the program has been supported with revenue no longer available in 2019-21. This challenge is exacerbated by declining support in federal revenue due to decreasing federal matching rates.

The Governor's Budget addresses the challenge of appropriately, sustainably, and equitably funding our health care system by reforming the way in which hospitals, insurers, CCOs, and employers contribute to the system through assessments on their revenue. These reforms reflect that the health system as a whole has fared well through the significant expansion of coverage since 2014, as indicated through increased revenue margins for both hospitals and CCOs.

To address the issue of OHP funding, the Governor convened a workgroup of health care partners to arrive at a consensus-driven plan to secure long-term, sustainable funding for the Oregon Health Plan. The recommended plan includes broad-based sustainable revenue over a six-year timeline. Revenue reforms are not the only critical piece to sustaining the Oregon Health Plan. Without strong cost controls, health care will continue to outstrip the growth of state revenue and personal income. Taken as a whole, the Governor's Budget takes an important step forward in ensuring the Oregon Health Plan [continues and](#) is on a sustainable path without sacrificing coverage or the quality of care.

- Hospital Assessment – The budget revises the Hospital Assessment structure to maximize the fully reimbursable hospital assessment from 5.3 percent to 6 percent of net patient revenue for Diagnostic Related Group hospitals.
- Health Insurance, Managed Care, and Stop-Loss Assessments – The budget reinstates the current insurance and managed care tax that expires at the end of 2019 at 2 percent of premiums and broadens the base by including an assessment on stop-loss coverage. This plan not only funds the Oregon Health Plan, but also some of the revenue for the Oregon Reinsurance Program administered by the Department of Consumer and Business Services for the individual market.
- Subsidized Employer Assessment – There are approximately 1 million workers in Oregon employed by firms with 50 or more employees and approximately 25 percent of them are either ineligible for, or not offered health care coverage through, their employers. Many of these employees must therefore obtain health care coverage through the Oregon Health Plan and other publically supported programs. Put differently, public programs that provide affordable health care coverage, such as the Oregon Health Plan, are subsidizing some employers who do not provide health care coverage to low-income workers, or

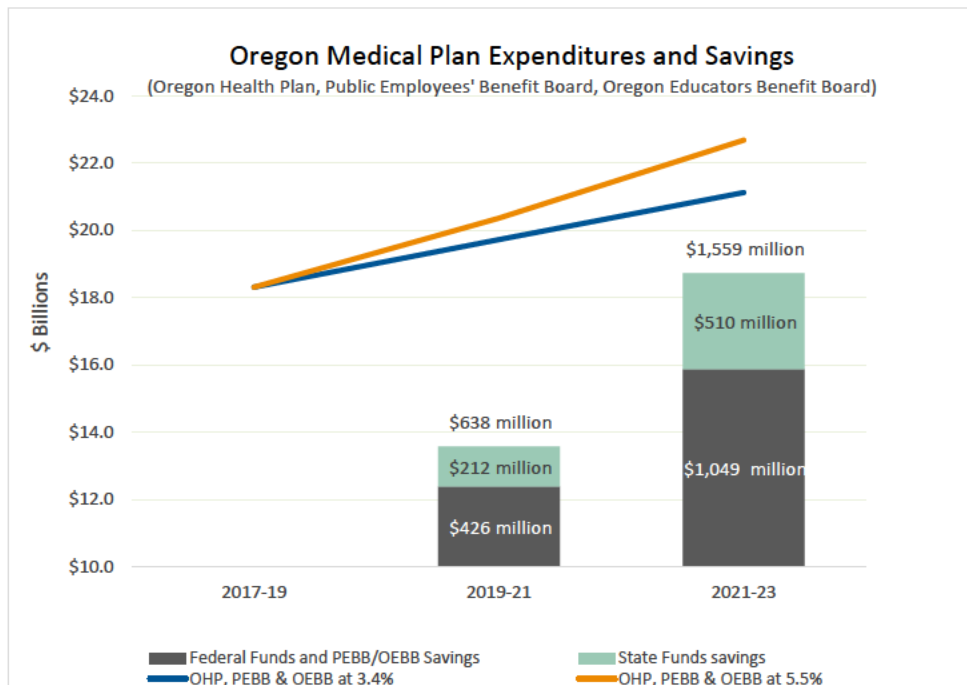
whose workers cannot afford the coverage they are offered. A new Subsidized Employer Assessment will levy an assessment on employers who do not meet threshold health care contributions on behalf of their workers.

- Tobacco Taxes – As discussed above, the Governor’s Budget increases cigarette taxes by \$2.00 per pack and also extends the existing wholesale tax on “other tobacco products” to e-cigarettes and vaping products. Most of the Net proceeds from the additional tobacco tax revenue will help support the Oregon Health Plan and Public Health Modernization.
- Bending the Cost Curve – The Governor’s Budget maintains Oregon’s place as a leader in holding per capita cost growth below national trends. Annual health care spending-cost growth for the Oregon Health Plan, PEBB, and OEBB remains capped at 3.4 percent per member. When CCOs stay within their budget target, meet their quality goals, and provide required services, they have the flexibility to implement innovative quality improvement programs. Flexibility allows CCOs to and invest in health-related services that align with elements of their community plans, such as housing support, food security, and community activities that support a healthy population. With flexible spending investments in community-based social services, and by addressing social determinants of health, CCOs will have tools to focus on a much broader definition of “community health.” Overall, holding CCOs, PEBB, and OEBB to 3.4 percent per capita cost growth results in significant savings to both the state and federal governments. When comparing this rate to projected national annual health care cost increases of 5.5 percent, Oregon’s approach is

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estimated to save a total of \$638 million in 2017-19 and \$1,559 million in 2019-21.

In addition to these revenue reforms and on-going efforts to bend the cost curve, the Oregon Health and Sciences University (OHSU) continues to be a strong partner in helping to sustain Oregon's health care system through the intergovernmental transfer (IGT) program established in 2017-19. OHSU, as Oregon's only public academic health center, is a critical part of the safety net for Oregon's most vulnerable population, providing health care services



to a large number of Medicaid members, training Oregon's health care workforce across the state, and engaging in research to improve care and bring significant federal dollars to Oregon. By removing OHSU from the hospital tax in the 2017 legislative session, the state and OHSU have collaborated to increase the amount of funding available for the Medicaid program. This budget reflects an additional \$252 million in state funds, which raises the total state funds to 432 million from the OHSU IGT program for the Medicaid program. The budget reflects providing critical funding for OHSU at 87 percent of cost for the Medicaid members OHSU serves and holds OHSU's unit cost growth to no more than 3.4 percent annually for the Medicaid program.

REVENUE SUMMARY

Approximately 54 percent of OHA's budget is supported with Federal Funds, of which a significant portion represents federal Medicaid dollars matched with state funds. Federal Medicaid reimbursement is based on the Federal Medical Assistance Percentage, and there are

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three key rates determining how much state funding is required to support Medicaid caseload expenditures. Based on recent decreases in these rates, a significant amount of additional state funding is required to support the Oregon Health Plan compared to prior years. Other important federal revenue sources include the Mental Health Services Block Grant, the Substance Abuse Prevention Treatment grant, and various federal grants supporting the Public Health Division and Health Policy and Analytics. General Fund represents 11 percent of the budget, a significant portion of which is used to match federal Medicaid dollars. Important sources of Other Funds used to support the Governor's Budget include revenue from health care providers to support the Oregon Health Plan, tobacco taxes, revenue from the national Tobacco Master Settlement Agreement, and fees related to health care regulatory functions.

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AGENCY PROGRAMS

Health Systems Division

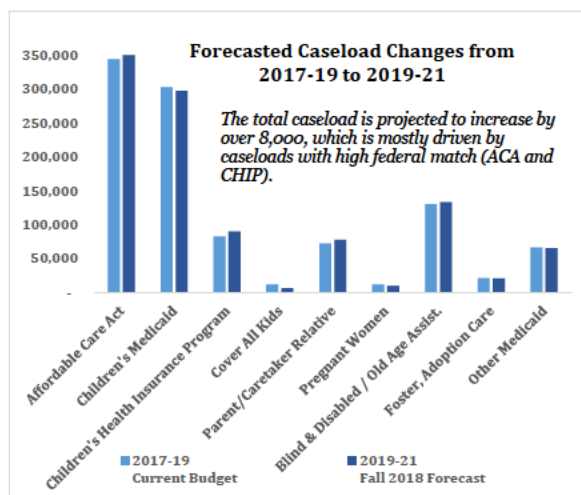
The Health Systems Division (HSD) ensures the systematic transformation of health care in Oregon by delivering integrated health care services, strengthening the coordinated care model, and improving health outcomes through administration of the state's Medicaid and non-Medicaid programs.

Medicaid: OHA is the state designated agency responsible for Medicaid, which is jointly funded by states and the federal government. Most of the state's Medicaid coverage is provided through a managed care delivery system in the Oregon Health Plan, which provides comprehensive physical, behavioral, and oral health care coverage to low-income adults and children. Currently, approximately one million individuals across several caseload categories receive Medicaid coverage in Oregon.

Oregon's health care system has experienced significant changes in 2012 upon with the creation of Coordinated Care Organizations (CCOs), which are accountable for delivering CCOs in 2012 to manage

most Oregon Health Plan services. The coordinated care model emphasizes prevention, team-based, patient-centered care, and helping people manage chronic conditions which, in turn, helps reduce unnecessary and expensive medical services and supports healthy living. There are currently 15 CCOs operating in Oregon.

To guide the next five years of coordinated care, OHA is working with the Oregon Health Policy Board (OHPB), policymakers, stakeholders, and Oregon Health Plan members to bring forward new ideas to address the gaps and challenges persisting in Oregon's health care system. This next phase of health care transformation is referred to as "CCO 2.0." OHA's focus on this effort is guided by four priorities identified by the Governor: 1) improve the behavioral health system; 2) increase value and pay for performance; 3) focus on the social determinants of health and



health equity; and 4) maintain sustainable cost growth. The Governor's Health Care Agenda and 2019-21 investment proposals are heavily centered on these priorities.

Non-Medicaid Behavioral Health: The Non-Medicaid Behavioral Health budget supports critical elements in Oregon's community behavioral health system, which serves as a safety net for all Oregonians regardless of health care coverage. A significant portion of non-Medicaid services is provided through community mental health programs and alcohol, drug, and gambling addiction treatment providers. An important focus of the non-Medicaid system is to respond to individual and community crises and meet immediate behavioral health needs. Non-Medicaid funds also support OHP members through the purchase of social support services not included in the Medicaid benefit package, such as early outreach and engagement, peer-based recovery, and housing ~~services~~ ~~supports~~.

The services provided through Non-Medicaid Behavioral Health must be in compliance with an agreement reached with the United States Department of Justice (USDOJ) in 2012. This agreement requires the state to take steps to better provide individuals with serious and persistent mental illness with the critical community services necessary to help them live in the most integrated setting appropriate to their needs and achieve positive outcomes. The budgetary and programmatic decisions for Non-Medicaid Behavioral Health continue to be made in accordance with the objectives of the USDOJ agreement.

The overall Health Systems Division budget, including Medicaid, Non-Medicaid Behavioral Health, and related administration, totals \$16,183.3 million, which represents a 9.3 percent increase from the 2017-19 Legislatively Approved Budget. The recommended General Fund budget is \$1,568.5 million, which represents a 14.1 percent increase from 2017-19. The increased level of funding is primarily a result of many of the Governor's Health Care Agenda investments discussed above. These include the investments for Regional Assessments, Rental Assistance, School-Based Mental Health and Suicide Prevention, Community Mental Health Services, and expanding Hepatitis C treatment. Other key investments in this division include \$6.7 million General Fund to replace OHA's outdated behavioral health data systems and \$9.1 million General Fund to backfill declining Other Funds revenue for Non-Medicaid Behavioral Health.

Health Policy and Analytics

Health Policy and Analytics (HPA) provides policy support, technical assistance, and access to health information statistics and tools to all organizations and providers participating in Oregon's health system transformation. The key functions of HPA are: Health Policy; Clinical Improvement Services; Health Analytics; Health Information Technology; Business Support; and PEBB and OEBB, which are operationally situated in HPA but have separate budget structures. In addition to these functions, the Governor's Budget establishes the Office of Child Health within HPA to enhance OHA's ability to improve long-term health outcomes for the prenatal through age five population. ~~The Office of Child Health will be particularly instrumental in improving OHA's ability to focus on social determinants of health and equity.~~

HPA is largely supported by federal Medicaid dollars matched with General Fund. The program also receives Federal Funds from the Health Resources and Services Administration Primary Care grant, and Health Information Technology Electronic Health Record funds. HPA receives Other Funds revenue from various grants and fees.

The Governor's Budget for HPA totals \$195.3 million, which represents a 6.7 percent increase from the 2017-19 Legislatively Approved Budget. The General Fund budget is \$51.3 million, which represents an 18.2 percent increase from 2017-19. The change in General Fund is largely

due to the Governor's investments in CCO 2.0, the creation of the Office of Child Health, and investment in Intensive In-Home Behavioral Health Services.

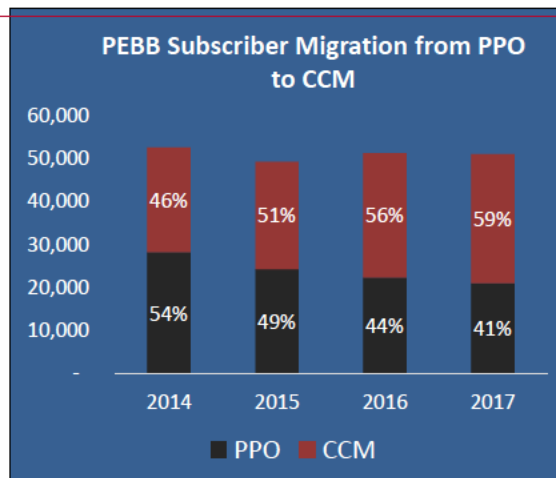
Public Employees' Benefit Board (PEBB)

PEBB designs, contracts for, and administers health plans, group insurance policies, and flexible spending accounts for state and university employees and their dependents, representing nearly 140,000 Oregonians. In 2006, PEBB moved toward self-insurance, which gives the Board more flexibility in plan design to meet specific goals, which contributes to the Board's success in keeping premium increases low. PEBB supports OHA's goal to transform the health care system in Oregon and to fundamentally improve how care is paid for and delivered.

The PEBB budget is funded entirely with Other Funds revenue from premiums collected for all insured individuals, a significant portion of which comes from General Fund resources paid by other state agencies and organizations for their share of premium costs. Consistent with the state's strategy for transforming health care and bending the cost curve, PEBB holds annual growth in per member costs to 3.4 percent. In the 2017 Legislative Session, Senate Bill 1067 codified the parameters around the annual growth rate by requiring PEBB to use methodologies to limit annual self-insured and premium increases to no more than 3.4 percent per member per year starting in plan year 2019 (January 1, 2019). The bill also ties hospital rates paid by PEBB to no more than 200 percent of Medicare rates for in-network hospitals and no more than 185 percent of Medicare rates for out-of-network hospitals.

Similar to the Oregon Health Plan, a key part of PEBB's ongoing strategy to improve health outcomes while bending the cost curve relates to promoting the coordinated care model (CCM) through the use of patient-centered primary care homes. This model focuses on primary care and prevention and has defined quality and access standards. CCM plans provide an opportunity for reducing utilization of unnecessary services, improving coordination of disease management among varying providers, and using innovative reimbursement models. The migration of PEBB members from more expensive Preferred Provider Organization plans to CCM plans has been important in maintaining annual cost growth to no more than 3.4 percent per member per year.

The Governor's Budget for PEBB is \$2,099.7 million, which represents a 6.8 percent increase from the 2017-19 Legislatively Approved Budget. The budget invests funding for PEBB's share of a planning project to replace the legacy benefit management systems of both PEBB and OEGB with a modern solution.



Commented [TE11]: This graph is great.

Oregon Educators Benefit Board (OEBB)

OEBB administers medical, dental, vision, and other benefits for more than 130,000 employees, retirees, and their family members in Oregon's K-12 school districts, education service districts, and community colleges. With the passage of House Bill 2279 (2013), cities, counties and special districts also became eligible to join the OEBB benefits program effective January 2014. OEBB designs and maintains a full range of benefit plans for eligible and participating entities to offer their employees and early retirees. OEBB's goal is to provide high-quality benefits for all eligible employees, early retirees, and their dependents at the lowest possible cost, and to work collaboratively with members, entities and insurance carriers to further advance the triple aim of health care. As with PEBB, Senate Bill 1067 (2017) requires OEBB to use methodologies to limit annual premium increases to no more than 3.4 percent per member per year. Likewise, the bill requires OEBB to tie rates paid to hospital to no more than 200 percent of Medicare rates for in-network hospitals and no more than 185 percent of Medicare rates for out-of-network hospitals.

OEBB has controlled costs by using alternative payment models (APMs), offering its members a wide-range of plans, and—much like PEBB—encouraging the migration from preferred provider organization plans to coordinated care model plans, which have lower premiums. The OEBB budget is funded entirely by Other Funds revenue from premium payments from members. The Board's operational expenses are funded through an administrative assessment, which cannot exceed 2.0 percent of total monthly premiums. For plan year 2018-2019, the administrative assessment is 1.3 percent.

The Governor's Budget for OEBB is \$1,740.4 million, which represents a 6.8 percent increase from the 2017-19 Legislatively Approved Budget. Similar to PEBB, the budget invests in OEBB's share of the planning project to replace the PEBB and OEBB benefit management systems.

Public Health Division

The Public Health Division promotes health and prevents the leading causes of death, disease and injury in Oregon. Public Health does this by administering a variety of programs addressing behavioral and social drivers of health, and by working to ensure the physical and social environments promote health and make it easier for people to make healthy choices. Oregon's public health system includes federal, state, counties and local agencies, private organizations and other partners. Public Health operates some programs directly and funds and coordinates other programs through 33 local health departments across the state.

By focusing on prevention and emergency preparedness, Oregon's public health system lessens the effect of health threats on people's lives and lowers demand for expensive-costly health care interventions. Oregon is poised to be a leader in leveraging sectors to address social conditions that affect health, such as housing. At the state level of the system, Public Health plays a leadership role with health care transformation.

Public Health is funded primarily through federal funds, including over 120 grants categorically dedicated to specific programs, such as emergency and hospital preparedness, cancer prevention and control, and safe drinking water. Public Health also collects Other Funds through various fee-based programs, including newborn screening tests, licensing of hospital and inpatient care facilities, registration and inspection of x-ray equipment, testing and certification of emergency medical technicians, registration of medical marijuana cardholders, growers and dispensaries, and fees for issuing certified vital records.

The 2019-21 Governor's Budget for Public Health totals \$725.4 million, which represents an 18.6 percent increase from the 2017-19 Legislatively Approved Budget. The General Fund

Commented [RL*G12]: Great additions to explain what PH is.

budget is \$83.3 million, which represents a 28.3 percent increase from 2017-19. This increased level of funding reflects the targeted investments made by the Governor for Universal Home Visiting and Public Health Modernization. The budget also supports the purchase of a strategic stockpile of Naloxone to save lives in fighting the opioid epidemic and maintains support for county public health authorities by backfilling decreasing Other Funds revenue with \$5.5 million General Fund.

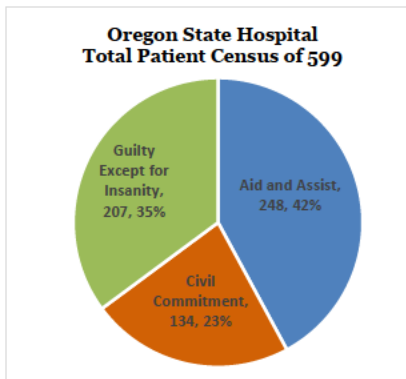
Commented [TE13]: This isn't any longer correct though, right? Now PH Modernization will be funded through OF?

Commented [RL*G14]: I thought we did not move forward with the backfill \$5.5M?

Oregon State Hospital

The Oregon State Hospital (OSH) is an integral part of the statewide behavioral health system by providing psychiatric care for adults from all 36 counties at OSH's Salem and Junction City campuses. The hospital's primary goal is to help people recover from their mental illness and return to life in their communities. The hospital has gone through significant programmatic changes in the past several years, underscored by the closure of the Blue Mountain Recovery Center in Pendleton and the Portland campus. The two remaining campuses have the maximum capacity to serve up to 766 individuals, with 592 beds in Salem and 174 beds in Junction City. Patients receiving treatment in OSH fall into one of the following three main commitment types:

- Civil Commitment - people who have been found by the court system to be an imminent danger to themselves or others, or who are unable to provide for their own basic health and safety needs due to their mental illness.
- Guilty Except for Insanity – people who committed a crime and are found by a court to be Guilty Except for Insanity. While these patients receive treatment at OSH, they are under the jurisdiction of the Psychiatric Security Review Board.
- Aid and Assist – people who have been arrested but have been found unable to participate in their legal proceedings due to a mental illness and are in need of mental health treatment to help them understand their criminal charges and “aid and assist” in their own defense (often referred to as “.370 patients” due to the corresponding state statutory provision).



OSH's role is to provide services and treatment to individuals in a way to prepare them to return to the community as soon as they are ready. Services include 24-hour on-site nursing, psychiatric, treatment planning, pharmacy, laboratory, food and nutritional services, and vocational and educational services. To ensure only people who need hospital-level care are admitted, a robust array of preventive, treatment, and crisis services must be available in local communities. In addition, to ensure people can be released from the hospital when they are ready, the community behavioral health system must have sufficient capacity to provide services in a variety of integrated and independent settings to meet each individuals' needs. Any restrictions within the community-hospital continuum can result in a backup of the behavioral health system which can reach as far as community hospital emergency departments.

As a result of a prolonged increase in the Aid and Assist population, the Governor's Budget supports the opening of a 25-bed unit at the State Hospital for 12 months as a stop-gap measure to meet statutorily timeliness standards related to court-ordered admissions and ensure these patients receive the treatment they need. As part of this strategy, the Governor's Budget invests

Commented [TE15]: Same question as earlier, is there a reason it doesn't say Junction City?

\$7.6 million General Fund in the Health Systems Division budget to create additional capacity in local communities for intermediate treatment placements. This will enable the new unit to eventually draw down its population, consistent with the Governor's vision of ensuring patients, to the extent possible, receive appropriate treatment in the community.

The 2019-21 Governor's Budget for OSH totals \$608.1 million, which represents an 8.3 percent increase from the 2017-19 Legislatively Approved Budget. The General Fund budget is \$500.8 million, which represents a 7.9 percent increase from 2017-19.

Central Services

Central Services provides the leadership and business support to achieve the agency's mission. This budget structure supports the following functions:

- Director's Office – responsible for the overall leadership, policy development and administrative oversight for the agency. This includes coordination with the Governor's Office, legislature, other state and federal agencies, tribal governments, partners and stakeholders, local governments, advocacy and client groups, and the private sector.
- External Relations – responsible for building strong relationships with the public, media, legislature, and other agencies at the state and federal levels. The division also helps create a broad understanding of the ways in which OHA contributes to the health of Oregonians.
- Agency Operations – provides operational support and human resources services to OHA. The division includes Central Operations and Human Resources.
- Fiscal Operations – provides oversight of financing policies and coordinates budget development and execution for OHA.
- Office of Equity and Inclusion – works on behalf of OHA and the broader health system in the state to ensure the elimination of avoidable health care gaps, [protect civil rights including language access and access for people with disabilities, investigate and provide expertise to address discrimination and harassment](#) and to promote optimal health in Oregon for everyone.

Central Services is funded based on a federally approved cost allocation plan where programs are charged for the services they use. The Governor's Budget for Central Services totals \$36.9 million, which represents a 0.6 percent increase from the 2017-19 Legislatively Approved Budget. The General Fund budget is \$28.2 million, which represents a 14.6 percent increase from 2017-19.

Shared Services

Shared Services supports certain business functions for both the Department of Human Services (DHS) and OHA under a joint governance agreement. Shared Services contains the Office of Information Services (OIS) and the Information Security and Privacy Office (ISPO). OIS provides information technology systems and services for nearly 16,000 staff at numerous locations across the state. ISPO provides information security services by using business risk-management practices to protect confidential information and educating staff and agency partners on how to protect this information and report incidents when they occur. The functional scope of this office continues to change with the implementation of Senate Bill 90 (2017), which centralized certain information technology security functions within the Office of the State Chief Information Officer.

Shared Services is funded entirely by Other Funds transferred from different OHA and DHS

programs through a federally approved cost allocation plan. The 2019-21 Governor's Budget for Shared Services totals \$176.6 million, which represents a 6.0 percent increase from the 2017-19 Legislatively Approved Budget.

State Assessments and Enterprise-wide Costs

State Assessments and Enterprise-wide Costs (SAEC) is the budget structure for payments to the Department of Administrative Services (DAS) and third parties for goods and services serving the entire agency, such as rent, state data center charges, DAS risk assessment, state government service charges, unemployment assessments, mass transit taxes, computer replacement, and debt service.

SAEC is funded based on cost allocation statistics to determine the distribution of expenditures and the revenue distribution by General Fund, Other Funds, and Federal Funds. The Governor's Budget for SAEC totals \$282.7 million, which represents 3.9 percent increase from the 2017-19 Legislatively Approved Budget. The General Fund budget is \$209.5 million, which represents a 9.2 percent increase from 2017-19.

Governor's Recommended Budget
Health Care Town Hall
November 29, 2018
Capitol, HR 50, 1-2 pm

What is funded in the budget:

1. General Fund budget for OHA represents a 12.8% increase from the 17-19 biennium.
2. Oregon Health Plan and Cover All Kids fully funded at 3.4% inflation, funding Oregon Reinsurance Program, shifted one-time MH revenue to GF support (\$17.7m), backfilled loss tobacco tax revenue for BH (\$9.1m)
3. Helping Children to Achieve their Full Potential
 - Multi-generational addictions treatment: \$5.5m to expand pre-natal and postpartum treatment and support for mothers
 - Intensive in-home behavioral health services: \$19.6m in state and federal funds
 - Suicide Prevention for Youth and Adults
 - Universal home visiting: supporting parents and families
 - Regional assessments
 - Reducing risk factors for suicide
 - Office of Child Health
4. Improving Health Outcomes
 - CCO 2.0 (highlight improved integration and access to behavioral health services, improving health equity and reducing disparities through improved engagement with tribes, diverse OHP members and CACs, increasing integration and use of THWs.
 - Public Health Modernization: \$13.6m funded through tobacco tax.
 - Housing Support: 500 units of permanent supported housing: \$4.5m from OHA to support services
 - Tobacco Cessation: Increased cigarette tax
 - Eradication of Hep C: \$10m in GF to treat all levels of fibrosis
5. Enhancing behavioral health system
 - Advancing BH integration: \$5.9m in incentives for providers to invest in foundational technologies, esp. BH EHR
 - Educating providers on alternatives to opioids
 - Community MH investments: \$7.6 m for increased community capacity
6. Sustaining the model: Medicaid Finance Plan
 - Hospital assessment: moving reimbursable assessment from 5.3% to 6.0%
 - Health insurance, managed care and stop-loss assessments
 - Subsidized employer assessment
 - Tobacco tax: \$2 pack, OTP and vaping
7. Plan for Session: move early, etc.
8. Ask for endorsement?
 - Ask for letters of support?
9. Q&A

From: [MACDONALD Thomas * DAS](#)
To: [EDLUND Tina * GOV](#); [ROMAN Linda * GOV](#)
Subject: OHA Program Area Summary_Final 11-20-18.xlsx
Date: Monday, November 26, 2018 10:04:58 AM
Attachments: [OHA Program Area Summary_Final 11-20-18.xlsx](#)

Attached is the OHA summary document with final decisions.

Oregon Health Authority
Preliminary Plan for Governor's Budget
2017-19 Leg Approved Budget

	\$, in millions		
	GF	LF	GF/LF
	2,163.7	12.5	2,176.2
Cost Increases			
Roll-up of 2017-19 Personal Services costs	25.6	0.1	25.7
Inflation in non-OHP programs	30.2	0.4	30.6
OHP: FMAP Changes	442.0	-	442.0
OHP: Hospital Assessment 0.7% and Insurance Premium Tax 1.5% - statutory sunsets	308.3	-	308.3
OHP: Inflation at 3.4% each year	71.1	-	71.1
OHP: Other Funds Inflation - insufficient revenue to fund inflation	125.1	-	125.1
OHP: Tobacco Tax / Tobacco Master Settlement - revenue decline & one-time revenue	81.8	-	81.8
OHP / Mental Health: caseload forecast changes	22.0	-	22.0
Mental Health: shift one-time tobacco tax revenue to General Fund	17.7	-	17.7
Phase-in programs partially funded in 2017-19	12.5	-	12.5
Cost Allocation - increased GF need for indirect costs	8.0	-	8.0
Health Care Agenda Investments			
Reduce Risk Factors for Suicide (POP 402)	13.1	-	13.1
Physical, Behavioral, Oral Health Coord. (POP 411 - 4 positions; electronic health records)	5.4	-	5.4
Intensive In-Home Behavioral Health Services (POP 403 - CCO rate increase)	6.6	-	6.6
Universal Home Visiting (POP 401)	4.1	-	4.1
CCO 2.0 (POP 416 - includes position bought back through Addictions agenda)	1.1	-	1.1
Office of Child Health (POP 404 - 4 positions)	0.6	-	0.6
Contain Prescription Drug Costs (POP 422 - 2 positions for Presc. Drug Monitoring Program)	0.4	-	0.4
Identify Programs for Health Care Integration (POP 409 - opioid alternative education)	0.3	-	0.3
Project ECHO (includes \$2.1M from Addictions and Recovery Agenda)	2.4	-	2.4
Other New Investments			
Rental Assistance for new housing units (Addictions and Recovery Agenda)	4.5	-	4.5
Project Nurture - two generation approach to SUD (Addictions and Recovery Agenda)	5.0	-	5.0
Complete Statewide SUD survey (Addictions and Recovery Agenda) - \$41,760	0.0	-	0.0
Prescription Drug Monitoring Program updates (Addictions and Recovery Agenda)	0.1	-	0.1
SUD Provider Accreditation (Addictions and Recovery Agenda)	0.4	-	0.4
Strategic Stockpile of Naloxone (Addictions and Recovery Agenda)	0.5	-	0.5
Regional Assessments (Child Welfare Agenda)	10.4	-	10.4
Oregon State Hospital - open 25-bed unit in Junction City through June 30, 2020	7.1	-	7.1
Aid and Assist Caseload - Misdemeanant Defenders (POP 410 / LC 383)	7.6	-	7.6
Behavioral Health Backfill - replace declining tobacco revenue (POP 413)	9.1	-	9.1
Hepatitis C Treatment - expand coverage to earlier stages (POP 415)	10.0	-	10.0
IT Project: Behavioral Health System - 2 positions (POP 414)	6.7	-	6.7
IT Project: Integrated Eligibility / Medicaid Eligibility - 45 positions (POP 201)	0.7	-	0.7
IT Project: Medicaid Modularity - 3 positions (POP 202)	0.5	-	0.5
Dec. 2018 E-Board Request: Ombudsperson Services - 6 positions	0.8	-	0.8
Dec. 2018 Rebalance Request: Health Systems Staffing - 3 positions	0.6	-	0.6
Dec. 2018 Rebalance Request: increased funding for ADPC & Wallowa Co. PH funding	0.2	-	0.2
September 2018 E-Board: Water Strategy	0.2	-	0.2
Local Public Health Backfill - replace declining medical marijuana revenue (POP 417)	5.5	-	5.5
Cost Decreases			
OHP: OHSU - revenue phase-in / program growth	(162.0)	-	(162.0)
OHP: Rural A/B Hospital Assessment - revenue phase-in	(24.0)	-	(24.0)
OHP: CCO Quality Incentive Pool - recognize 2019 reduction (one-time)	(6.7)	-	(6.7)
Phase-out one-time costs / debt service decrease	(10.0)	-	(10.0)
State Government Service Charge and AG Adjustments	(2.8)	-	(2.8)
Revenue Proposals			
Insurance Premium Tax at 2% plus Stop-Loss	(320.0)	-	(320.0)
Subsidized Employer Assessment	(119.5)	-	(119.5)
Hospital Assessment Increase of 0.7% ("non-true tax")	(98.0)	-	(98.0)
Tobacco Tax Increase (7 months) - cigarette tax (\$2.00) and vaping	(95.0)	-	(95.0)
OHSU - increase OHSU's contribution to transfer agreement	(25.0)	-	(25.0)
Program Reductions			
Marijuana fund shift	(13.3)	-	(13.3)
OHP: OHSU - eliminate contingency reserve maintained by OHA	(64.0)	-	(64.0)
OHP: Graduate Medical Education - eliminate (except OHSU-leveraged program)	(23.8)	-	(23.8)
OHP: reverse 2017 Medicaid waiver renewal costs approved as one-time	(5.5)	-	(5.5)
Increase vacancy savings estimate	(1.0)	-	(1.0)
2019-21 Health Care Budget Plan	2,441.5	12.9	2,454.4
2019-21 Health Care Current Service Level	3,120.5	13.0	3,133.5
Difference from CSL after PEBB Transfer to General Fund			(679.1)
Other Significant Issues included in the Plan that are important to bring to the Governor's attention			
Transfers \$50 million from PEBB Reserves to the General Fund to cover Salary Pot costs	-	-	-
Public Health Modernization: fund through tobacco tax increase - \$13.6 million in 2019-21	-	-	-
Mental Health: Shortfall due to Marijuana Revenue Issue - resolve through statutory change	16.0	-	16.0
Reinsurance Program - funded at \$90 million Other Funds (impacts DCBS budget)			

From: [KORESKEI Debbie * GOV](#)
To: [COBA Katy * DAS](#); [PAIR Chris * GOV](#); [KONDAYEN Kate * GOV](#); [BLOSSER Nik * GOV](#); [katherine.brown@oregon.gov](#); [ZEJDLIK Gina * GOV](#); [LESLIE Berri * GOV](#); [PIRTLE-GUINEY Elana * GOV](#)
Subject: FW: Things to think about over the weekend...
Date: Monday, November 26, 2018 10:19:00 AM
Attachments: [Governors Budget - Q and A Final Draft.docx](#)
[Updated Budget Tour Presentation 11-20-18.pptx](#)
[Proposed Budget Release Presentation 11-20-18.pptx](#)

Here are the summaries produced by CFO.

Thanks,
DDK

From: NASS Kate * DAS
Sent: Wednesday, November 21, 2018 2:58 PM
To: BLOSSER Nik * GOV <Nik.BLOSSER@oregon.gov>; KORESKEI Debbie * GOV <Debbie.KORESKEI@oregon.gov>
Cc: NAUGHTON George M * DAS <George.M.NAUGHTON@oregon.gov>; BALL Dustin * DAS <Dustin.BALL@oregon.gov>
Subject: Things to think about over the weekend...

Hi Nik and Debbie,

Now that the budget is finalized from a numbers perspective (and we are really close to getting documents to the printer) attached are three documents we would love for you to think about over the weekend.

1. Draft Q&As – this is a list of questions that we think might come up at the release? This is just us thinking of questions and may be too long, but we wanted to be more comprehensive knowing we can take some out before sharing.
2. Updated slides from the roadshow this spring – no changes; just updated to current forecasts.
3. New slides – we think this is a better version than the deck used in the spring and would recommend using something like this next week.

Let us know your thoughts...
k

[Kate Nass](#)
Deputy Chief Financial Officer
Office: 503.378.5442 | Mobile: 503.871.0974

DRAFT

Department of Administrative Services

Chief Financial Office
155 Cottage Street NE U10
Salem, OR 97301
PHONE: 503-378-3106
FAX: 503-373-7643

MEMORANDUM

To: Nik Blosser, Governor's Office
From: George Naughton, Chief Financial Officer
Date: November 26, 2018
Subject: Question and Answers – Governor's Budget Release

Here are some questions and model answers we would recommend for Wednesday.

General Budget Questions

1. What is the overall size of the budget?
 - a. I am proposing a \$23.8 billion General Fund/Lottery Funds Budget.
 - b. It is also \$83.5 billion total funds.
2. What happened to the budget hole, and how were you able to balance this budget without significant cuts?
 - a. There are significant policy choices in this budget. We had to fix a \$620 million gap, which included our biggest challenge in health care, where OHA's General Fund/Lottery Funds were projected to grow by 44% (\$957 million). That is unsustainable and we had to change it. This summer, I convened a group of health care partners, and they came up with a health care funding package, which includes \$632.5 million in new revenue for OHP from Hospital Assessments, Insurance Tax at 2%, Subsidized Employer Assessment, and increased Tobacco Taxes. This proposal is in my budget and allows us to bring the overall budget into balance.

Beyond controlling health care growth, I had to make some hard policy choices. We have been bleeding our K-12 system for years, and it has to stop. I am making strategic investments in schools and programs that serve children and families, by holding some programs to current funding levels and eliminating funding for others:

- i. Public Universities and Community Colleges were held at current funding levels
- ii. HECC – No longer funding Sports Lottery (\$8.2 million)
- iii. HECC – No longer funds ETIC (\$25.6 million)

But these changes are not enough. We cannot achieve the Oregon we want with our current revenue structure. In addition to my budget, I am calling on the Legislature to make significant investments in our education system. I am calling on them to fully fund

DRAFT

a 180 day school year, reduce class sizes for grades K-3, expand pre-school for another 10,000 kids, and increase our investments in higher education. Today, I am rolling out this investment plan, not only for what we can do today, but what we want to be for the future.

3. Does the budget include new revenue? Where does it come from?
 - a. This budget includes over \$136 million in increased revenues that would go to the General Fund and an additional \$633 million related to the Oregon Health Plan. This totals \$769 million. The changes include:
 - i. General Fund Revenues:
 1. Restricting the preferential tax rate of the Partnership – Pass-through treatment to \$1 million and imitating it for specified service businesses as it is now done with the federal deduction on pass-through income. These changes are anticipated to generate \$45.9 million.
 2. Eliminating the “Gain Share” transfer to counties will provide savings of \$33.1 million.
 3. Adding 5 new steps to the existing corporate minimum tax structure will increase corporate tax revenues by \$31.3 million.
 4. Increasing the OLCC markup on distilled spirits and increasing liquor licensing fees will generate \$26.3 million. Server permits are held harmless in this proposal to protect hard working individuals who can least afford to pay more.
 - ii. Oregon Health Plan Revenues:
 1. Hospital Assessment – Increases the fully reimbursable Hospital Assessment structure from 5.3% to 6.0% for \$98 million
 2. Insurance, Managed Care, and Stop-Loss Assessment – Reinstates and increases the Insurance/Managed Care tax to 2.0% and assesses stop-loss policies for \$410 million, which includes \$90 million for the Oregon Reinsurance Program
 3. Tobacco Taxes – increases the cigarette tax by \$2 per pack, extends the wholesale tax on “other tobacco products to vaping products, and increases other tobacco taxes (e.g. little cigars, moist snuff) for \$108.6 million, of which \$95 million supports the Oregon Health Plan and \$13.6 million supports Public Health Modernization
 - b. My Investment Plan calls for an additional \$1.9 billion in new spending. There are several viable options on how to address this, and I am committed to working with Legislative Leadership to make this investment plan a reality. I am not rolling out a specific revenue package today because I do not want to preempt any of the revenue options available to the Legislature.
4. Why do you sweep money from the PEBB stabilization fund in your budget?
 - a. This money is available because the state has successfully reduced health care costs. Since moving to a self-insurance model in 2010, the Public Employees Benefit Board (PEBB) has experienced lower health care costs compared to premiums collected,

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increasing the balance in the PEBB stabilization Fund. The ending balance for the fund is above target levels outlined by the Board's actuary and excess funding of \$50 million is transferred to the General Fund to support the overall costs of compensation increases for state employees.

5. What exactly is the Partnership Passthrough?

- a. In 2013, the Oregon Legislature created a lower tax rate for non-passive Partnership income (basically the profits from the business that are not salary and are not passive investment income). This change went into effect in 2015. This tax change happened as part of the grand deal on PERS reform, the PERS portion of which was later overturned by the courts. With a tight fiscal environment, we can no longer afford to give this preferential treatment to high net worth individuals.

6. Are you spending all of the available bonding capacity?

- a. No. Lottery Bond capacity is fairly tight next biennium, so we are recommending the Legislature allocate most of that capacity, leaving about \$3.8 million available. However we left \$485.3 million in General Fund capacity unspent; of this \$225 million is reserved for Public Universities to be authorized in the 2020 Legislative Session once universities complete an updated 10-year strategic capital plan.

Given the expected economic slowdown, I will be working with the Legislature to leave bonding capacity available as an economic resource to deploy throughout Oregon, adding projects and jobs to communities when they need them.

7. Have you proposed any changes to the PERS system?

- a. I have long said that I would consider PERS reforms that are fair and would pass constitutional muster. The reforms that were proposed in 2013 were struck down by the Oregon Supreme Court, which has significantly limited our options to make changes to pension benefits. Our problem now is a legacy problem for people who are already retired and investment returns coming in lower than the assumed earning rate. I have proposed a different approach to the problem than cutting benefits, which is looking at how we fund our pensions long-term, especially for our school districts. I agree with the approach that the legislature took in 2018 with SB 1566 to look for one-time sources of funding that could be set aside to pay for the PERS benefits that employees have earned. While more is needed, my budget includes an additional \$100 million down-payment into the fund we set up to pay down the unfunded PERS costs for school districts. I am also open to discussions about risk sharing with our employees.

8. How much do you leave in the Ending Balance?

- a. We left \$200 million General Fund in the ending balance. I would like to have a little more in the ending balance, but by the end of the 2017-19 biennium we are also projected to have about \$1.2 billion in our reserve accounts, the Education Stability Fund and the Rainy Day Fund. The balance of these two accounts will be about \$1.7 billion by the end of the 2019-21 biennium.

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Education Questions

9. What is your budget for K-12 Education?
 - a. We have almost \$9.0 billion in the State School Fund. Also, PERS has \$100 million for the school district unfunded liability fund to help stabilize school district PERS rates.
 - b. The budget includes additional investments to close the opportunity gap – including funding for African American/Black Student Success State Plan, adds resources for the American Indian/Alaska Native State Plan, and continues funding the tribal history and sovereignty curriculum.
 - c. We maintain the current level of services for preschool and increase funding for child care quality and quantity, including
 - i. \$17.6 million in state and federal funding for child care resources, including additional licensing staff, child care infrastructure such as resource and referral and early learning hubs, and \$10.8 million for Employment Related Day Care.
 - ii. \$14.8 million in state funding for increasing available infant toddler childcare (\$4.3 million for infrastructure such as child care resource and referral and \$10 million for infant toddler slots).
 - iii. \$10 million for the Educator Advancement Council for early childhood educator professional development.
 - d. We continue the current level of funding (2017-19 LAB) for CTE and graduation rate improvement under Measure 98 – this is \$170 million.
 - i. This equals \$475 per student per year; M98 set the minimum annual amount at \$800 per student per year. Which is funded in the investment plan.
10. Why are you not fully implementing M98, which passed with 65% of the vote?
 - a. Fully funding M98 is included in my needed investment plan; there isn't enough revenue to fund the State School fund at the Enhanced CSL, invest in child care and fund Measure 98.
11. What is the investment plan for preschool to grade 12?
 - a. The much needed investment includes:
 - i. \$285.8 million for 6,580 Preschool Promise slots, 3,420 enhanced OPK slots, and 3,500 children served by the Equity Fund.
 - ii. \$793.7 million for the School Improvement Fund which will pay for a full school year and K-3 class size reductions for districts not already at QEM recommendations, and other initiatives for districts already at QEM standards.
 - iii. Career and Technical:
 1. \$133 million to fully fund Measure 98.
 - iv. \$9.2 million to restore and double funding for Farm to School
12. What is included in the budget for student financial aid?
 - a. My budget includes:
 - i. Oregon Opportunity Grants are funded \$152 million General Fund and Lottery Funds, which essentially fund the program at the 2017-19 biennium.

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- ii. Oregon Promise is fully funded at \$21.5 million General Fund for the 2019-20 academic year. The Governor's investment plan would add \$20 million to fund the 2020-21 academic year.
13. What is in the budget for university and community college operations?
- a. Funding for the following is maintained at the 2017-19 legislatively approved level:
 - i. Public University Operations and Student Support: \$736.9 million,
 - ii. Extension Service and Forest Research Laboratory: \$81.9 million.
 - b. Funding for the following are below the 2017-19 legislatively approved level:
 - i. Community College Support Fund: \$543 million (this is 4.7% below LAB, due to higher anticipated local property taxes, which offset General Fund).
 - ii. Funding for the Agricultural Experiment Station: \$66.1 million (slightly below LAB due to phase-out of one-time projects funded in 2017-19).
 - iii. Funding for the Public University State Programs: \$14.8 million (this is 67.9% below LAB due to eliminating ETIC).
 - c. The Outdoor Schools Program is funded for one year, with full restoration in my Investment Plan.
 - d. Funding for the Sports Lottery program is eliminated, but fully restored and enhanced in my Investment Plan
14. Why did higher education take such a large reduction?
- a. Difficult choices had to be made in order to fund early learning programs and the K-12 system at a level to improve outcomes. However, the investment plan provides a substantial increase, in higher education related funding. The investment package:
 - i. Adds \$120 million to public university support fund to keep tuition increases at or below 5% (this amount brings fund to \$856.9 million);
 - ii. Adds \$103.7 million to community college support fund to keep tuition increases at or below 3.5% (this amount brings fund to \$646.7 million).
 - iii. Restores ETIC for \$25.6 million and adds \$34.4 million more (bringing total to \$60 million);
 - iv. Adds second year of funding for Outdoor School (\$22.8 million);
 - v. Adds \$20 million to statewide services (Agricultural Experimental Station, Extension Service, Forest Research Laboratory, and Public University State Programs);
 - vi. Adds \$70 million for expansion of CTE at Community Colleges;
 - vii. Adds \$10 million to establish a University Innovation Fund;
 - viii. Nearly doubles the Oregon Opportunity Grant with an additional \$121.5 million;
 - ix. Adds second year of funding to Oregon Promise (\$20 million)
 - x. Restores and enhances the sports lottery fund at \$14.1 million;
 - xi. Restores \$3.1 million in funding for OHSU education and rural programs, the Child Development and Rehabilitation Center, and the Oregon Poison Center to bring the programs back to CSL;
 - xii. Adds \$10 million for a Rural Health Workforce initiative;
 - xiii. Adds \$23.8 million for Graduate Medical Education through OHA, mostly for OHSU;
 - xiv. Provides \$15 million for campus safety improvements;

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- xv. Provides \$2.6 million for a Career Navigation initiative; and
- xvi. Adds \$15 million for an Oregon Youth Employment Program as part of Future Ready Oregon.

15. What is in the budget for university and community college capital projects?

- a. The budget includes 16 projects, benefiting all seven public universities and nine community colleges, totaling \$240.7 million in projects costs, that would be financed with proceeds from the sale of general obligation bonds.
- b. Projects include initial funding for the Eastern Oregon University Inlow Hall Grand Staircase; a new residence hall at Eastern Oregon University; a new residence hall at Portland State University; funding for land acquisition for a new University Center Building at Portland State University, funding for an earthquake detection system (ShakeAlert) at the University of Oregon, and continuing funding for capital improvement and repair projects for the universities.
 - i. \$225 million of General Fund capacity is reserved for public universities once a completed 10-year strategic capital plan and return to the 2020 Legislative Session.
- c. Projects were also funded for Blue Mountain Community College, Clatsop Community College, Central Oregon Community College, Klamath Community College, Lane Community College, Mount Hood Community College, Oregon Coast Community College, Southwestern Oregon Community College, and Umpqua Community College.

16. What are you doing about campus safety?

- a. The Governor's Investment Plan (not in budget) includes \$15 million for campus safety and security improvements at Universities and Community Colleges.

Health Care Questions

17. Does the budget reduce Oregon Health Plan (OHP) eligibility or benefits for members?

- a. No, the budget makes no adjustments to the eligibility levels or benefits provided to OHP members.

18. Are there any new programs to expand health care in the state?

- a. Yes. The Governor's Budget includes \$10 million General Fund and \$85 million in federal matching funds to expand Hepatitis C treatment to Oregon Health Plan members who have any stage of the disease. The budget also includes several other investments in the Oregon Health Authority to expand health care services, especially to children. These include investments in: a) Intensive In-Home Behavioral Health Services; b) Universal Home Visiting; and c) School Based Mental Health Services (with a focus on suicide prevention).

19. How will PEBB/OEBB and OHP limit cost growth from market trends as outlined in your budget?

- a. All cap annual cost growth at no more than 3.4 percent per member per year. PEBB and OEBB also continue to incentivize the migration of members from traditional PPO plans to coordinated care plans, which helps reduce premium costs through a more focused

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approach on primary care, prevention, and integrated care. The budget also makes investments to address the underlying costs of health care, such as by advancing Behavioral Health integration and data improvements to help contain prescription drug costs.

20. Aside from the OHP revenue package, does your budget do anything that further impacts the funding of OHP stakeholders?
- a. Yes. The budget further reflects shared responsibility for sustainably funding OHP and preserving OHP services and eligibility, the budget implements the following cost-savings measures:
 - i. Oregon Health and Sciences University (OHSU) – the budget maximizes the level of revenue available through the intergovernmental transfer (IGT) agreement established in 2017-19. The budget also increases OHSU’s contribution to the IGT beyond the current agreement, which results in an additional \$25 million available to maintain OHP services.
 - ii. Graduate Medicaid Education (GME) – the budget eliminates the “non-leveraged” component of the GME program, which currently helps offset costs at 11 teaching hospitals in Oregon. This saves the state \$23.8 million however is funded in the investment plan. *Note: the budget maintains the component of GME that is leveraged with funds provided by OHSU.*
21. What state revenues support OHP in your budget?
- a. In addition to General Fund, OHP is also funded by Hospital Assessments, the reinstated/increased Insurance and Managed Care tax, the new Subsidized Employer Assessment, the OHSU intergovernmental transfer agreement, Tobacco Taxes, Tobacco Master Settlement Agreement revenue.
22. Does your budget fully support operations of the Oregon State Hospital in Salem and Junction City?
- b. Yes. In addition to maintaining the existing funding level at the Salem campus, the budget supports opening a 25-bed unit in Junction City for the first 12 months of 2019-21 in order to address a prolonged increase in the level of Aid and Assist patients sent to the State Hospital for treatment according to court orders. As part of a longer term strategy, the budget invests \$7.6 million to increase the capacity of county mental health programs to treat more patients in lieu of sending patients to the State Hospital for costly institutionalized care.
23. What investments do you make for increased access to community mental health services?
- a. \$7.6 million General Fund to increase capacity at the county level to treat additional patients Aid and Assist patients as opposed to sending them to the State Hospital
 - b. \$9.1 million General Fund to backfill declining tobacco tax and Tobacco Master Settlement Agreement funding, which maintains the existing level of services
 - c. \$17.7 million General Fund to replace one-time Tobacco Tax carryover revenue used to enhance services in 2017-19 (this was a CSL adjustment, but makes the 2017-19 enhancement on-going despite originally being funded with one-time revenue)

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24. What investments are you making to address the opioid epidemic in the state?
- a. The budget supports a robust Addictions and Recovery Agenda through the following investments:
 - i. Two-Gen Approach to Treatment (Project Nurture) - \$5 million to expand prenatal and post-partum treatment and support for mothers
 - ii. Telehealth and Efficient forms of Treatment (Project ECHO) - \$2.4 million to support telehealth and efficient forms of treatment, which will help expand treatment access, especially in rural areas
 - iii. Housing Assistance - \$4.5 million in rental assistance and substance use disorder wraparound services for partial biennium support upon the construction of 500 units of permanent supportive housing
 - iv. Behavioral Health Integration - \$5.9 million to incentivize providers to invest in foundational technology, especially behavioral health electronic health records, help adapt the primary care home model to advance integration within behavioral health settings, and improve access to evidence based pharmaceutical treatments and practice guidelines
 - v. Alternative Pain Modules - \$0.4 million to expand work to train providers in appropriate opioid prescription practices and alternative approaches to pain management
 - vi. Naloxone – \$0.5 million to purchase a strategic stockpile of Naloxone

Human Services Questions

25. What are you doing to address the challenges in the child welfare program?
- a. To prevent a loss of child welfare staff, the budget invests \$40 million General Fund in child welfare staff to address a reduction in federal funding available to support that program.
 - b. Provides resources to operate the centralized 24/7 Oregon Child Abuse Hotline using a new evidence based assessment tool for screeners that will more accurately identify children at risk; and funded additional research and analytics staff to address the department's child welfare research agenda.
 - c. The budget provides funding for legal representation of child welfare caseworkers statewide in 2019.
26. How many child welfare positions are funded in the budget?
- a. In the current biennia there are 2,922 positions in the Child Welfare Program. This budget funds 3,217 positions, an increase of 295 positions. Not all are caseworkers, but all positions support children and families. Direct caseworkers are approximately 190 of the 295 additional positions.
27. What are you doing to address the need for foster care resources?
- a. This budget (1) creates a team of caseworkers dedicated to recruiting and retaining foster families in all areas of the state (2) funds additional caseworkers to develop and deliver trauma informed and culturally appropriate training to foster parents and (3) expands the KEEP model statewide.

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28. What investments are being made for children within the DHS budget?
- a. To address the needs of foster children the budget increases the rates of providers in the Independent Living Program and expands the eligibility of youth and young adults served by that program; it also directs DHS to develop and implement trauma informed healthy relationships training for foster children (including sex education). The budget also provides resources to expand the CASA program.
 - b. The budget increases resources in the Employment Related Daycare (ERDC) program. The focus in this program is to provide quality child care. (this is federal funding)
 - c. Invested in creating a new program (\$24.5 million total funds, of which \$8.4 million is General Fund) for youth with specialized needs, based on recommendations from the Children with Specialized Needs Workgroup.
29. How are you limiting cost growth in seniors and I/DD?
- a. This is an area in which we continue to look at options, but are somewhat limited in cutting programs in light of legal actions taken against DHS in the 2017-19 biennium when service hours (not services) were reduced.
 - i. We will continue to see an increase in costs related to the care of seniors within the long-term care system simply based on demographics, which are out of our control.
 - ii. Within the I/DD program caseload growth has finally stabilized, since implementing the Community First Choice Option plan (K-Plan). We continue to work toward developing efficiencies within the program through combining multiple assessment tools into one assessment tool, which will also eventually be used to assess the number of hours for I/DD clients after determining eligibility.
30. What are you doing to address safety issues for vulnerable adults in the long-term care system?
- a. First, working toward bringing rates for Adult Foster Home providers for seniors up to par with Adult Foster Home providers providing support to people with mental health issues or individual with intellectual or developmental disabilities.
 - b. Second, providing rate increases to Assisted Living facilities, Residential Facilities, and In-Home care agencies people with intellectual or developmental disabilities.
 - c. Third, adding staff to DHS to survey facilities in order to meet required annual inspections, which will help ensure safety for vulnerable adults living in long-term care facilities.
31. What are you doing about Oregon's Housing Crisis?
- a. The Governor's Budget makes significant investments to family affordable housing and multi-family housing. There is a \$130 million investment in Local Innovation Fast Track housing (LIFT) which will help build new affordable housing for low income households; this is joined with \$30 million in Document Recording Fee revenue that will also be used for gap financing for new construction of affordable housing. There's also a \$25 million investment in multi-family housing preservation, and a \$15 million

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investment to keep naturally occurring affordable housing affordable for the families who live in it.

- b. The Governor's Budget includes a \$50 million investment in Permanent Supportive Housing, this type of housing combines non-time limited affordable housing with wrap around supportive services for people who are, or at risk of being, chronically homeless. This is coupled with an investment of \$4.5 million in the Oregon Health Authority to provide rental assistance payments for the new units.
- c. The budget also increases the Emergency Housing Assistance and State Homeless Assistance Program to \$50 million; and addresses child homelessness by investing \$14 million in a new program that provides housing and services to families to ensure they are stable over the long term, coupled with increasing the investment from the Department of Human Services Self-Sufficiency by \$6.5 million to serve the neediest families. It also invests \$20 million in tenant and landlord resources to provide training, legal resources, and to provide assistance to domestic violence/sexual assault survivors.
- d. The budget provides \$15 million to the Oregon Housing Accelerator to work with communities, employers and developers to accelerate the overall housing supply and ensure moderate income Oregonians can live where they work. The Department of Land Conservation and Development's budget contains \$1.4 of technical assistance resources to help communities get ready for development.
- e. The budget also contains \$22.2 million to address the housing needs of veterans. The funding will address emergency housing needs as well as permanent rental housing and home ownership for veterans.

Public Safety Questions

32. Does your budget invest in State Trooper presence?

- a. Oregon's growing population has demonstrated a need increase our State Trooper presence statewide. We have added funding and adjusted the State Police's budget to increase Trooper presence by over 40 positions statewide.
- b. Additional investments add a Forensic Anthropologist position to our Medical Examiner's office to focus on the 171 unidentified remains, of which 11 are children.

33. Does your budget fully fund community corrections?

- a. The budget continues to invest in the Justice Reinvestment Initiative by providing \$39 million in grant funding as a resource to help local communities find the best mix of services that will keep people from going to prison.
- b. There are reductions taken within the community corrections budget including a proposed change Oregon's Earned Discharge funding. Current budget calculations include an offender's full term of supervision. This change would modify Oregon's Earned Discharge statute to cease state budget responsibility for offenders released early - that is likely to provide \$10 million in state savings.
- c. The agency also requested a package of \$51 million based on a cost study for community corrections that did not move forward into my budget due to General Fund constraints.

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34. Does your budget open a new prison?

- a. No, the prison population forecast continues to predict declines in both male and female adults in custody through the next two years.

35. What are you doing to prepare Oregon for the big Cascadia earthquake?

- a. My budget continues our investments in infrastructure that will make schools and emergency responders able to withstand an earthquake. We are also proposing a \$12 million investment to build out the Shake Alert earthquake early warning system, and an investment in making sure our rural airports have the facilities and supplies they need to help Oregon recover from a seismic event. Here is a list of specific examples:
 - i. Seismic Rehab Grants – Schools: \$100 million G.O. Bonds.
 - ii. Seismic Rehab Grants – Emergency Service Buildings: \$20 mil G.O. Bonds.
 - iii. Shake Alert Early Warning System: \$12 million G.O. Bonds.
 - iv. Airport Logistical Staging Bases: \$10 million G.O. Bonds for airports, \$1.1 million for the Military Department
 - v. Ensuring 250,000 homes have 2-week ready supplies in the next three years by working with local governments and American Red Cross: \$1.6 million General Fund
 - vi. Plan for Critical Energy Infrastructure Hub in NW Portland: \$0.5 million General Fund
 - vii. DOGAMI Tsunami Inundation Zone Study: \$0.3 million General Fund
 - viii. Business Oregon Special Public Works Fund: \$16 million Lottery Bonds (of the total \$79.5 million) for Wallowa Lake Dam repair and replacement
- b. Department of Aviation: adds \$10 M in G.O. bonds for resiliency and other natural disaster preparedness for state-owned airports.
- c. DLCD: Continues funding of \$1.1 million for natural disaster preparedness planning.

36. What is being done to address air toxics in Oregon?

- a. The budget continues to invest in the Cleaner Air Oregon Initiative by providing monitoring staff and equipment to screen for toxic air pollution and conduct follow-up monitoring to identify the likely source and level of emissions and toxics at various locations around the state. The budget also provides resources to implement new health risk based rules that are in development. This is a joint effort with the Oregon Health Authority aimed at reducing public health risks arising from hazardous pollutants.

37. How does your budget address drought throughout the state?

- a. The budget invests \$2.8 M in an additional ground water basin study to better understand water resources, it also provides \$1.0 M in place-based planning to manage water resources based on geographical needs, and adds four regional field staff to manage water issues throughout the state.

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Other Questions

38. How many fee increases are you proposing for 2019-21 and how much do they raise?
 - a. As with every budget cycle, agencies that rely on fees for their financial support need to periodically raise fees to cover their costs. This budget includes 314 individual fees proposed for increase, generating about \$41.9 million for 2019-21.
39. What is being done to address DEQ permitting backlog?
 - a. The budget invests \$2.8 M and provides 35 additional positions to address permitting backlog.
40. What is being done to address climate change?
 - a. Climate change presents risks to water supplies, water and air quality, and increases the chance of devastating wildfires and drought. To address these risks, the Oregon Climate Authority has been established. This new agency will establish a carbon cap-and-trade market and take charge of greenhouse gas reporting. The Carbon Policy Office and the Oregon Department of Energy will cease operations and their statutory responsibilities will fold into the Oregon Climate Authority.
41. What will happen to the jobs at the Oregon Department of Energy?
 - a. Almost all positions at the Oregon Department of Energy will transfer to the Oregon Climate Authority. Ultimately the Legislature will determine the final placement of specific positions and programs.
42. What is Oregon doing to prevent catastrophic wildfires?
 - a. In recent years, Oregon has experienced increasingly severe wildfire seasons. The Oregon Department of Forestry, the Oregon State Fire Marshal and the Oregon Military Department have done an exemplary job keeping lives and structures safe from wildfires. To assist the Department of Forestry, the budget includes funding of \$0.4 million to engage a contractor, with input from a blue ribbon panel, to assist the department in designing an effective and sustainable organizational structure to adapt to the “new normal” for fire season.

Investments in Rural Oregon

43. What investments are you making in Rural Oregon?
 - a. Our approach to community and economic development recognizes the unique needs of each of Oregon’s regions and the importance of working locally to identify priorities, solve problems, and seize opportunities. Examples of specific investments targeted towards rural communities in Oregon include:
 - i. Investing \$15 million in bonding proceeds to Regional Solutions as a key resource to strategically align state resources with the local Regional Solutions Advisory Committees, Centers, and Teams.
 - ii. Investing in local infrastructure through the Special Public Works Fund capitalization of \$79.5 million – over 80% of this money goes to rural Oregon.

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- iii. Provides funding to address Oregon's need to understand and manage groundwater on a basin wide scale, and provides over \$30 million for water projects and feasibility studies so that communities and the state can proactively meet the challenges of drought, development and climate change.
- iv. Construction of a Center for Excellence in Engineering at the Oregon Tech campus in Klamath Falls
- v. Funding for capital construction projects for Umpqua Community College, Southwestern Oregon Community College, Blue Mountain Community College, Oregon Coast Community College, Rogue Community College, and Clatsop Community College.
- vi. ODFW: The budget adds \$1 million in funding for the Oregon Conservation Strategy, which aims to monitor, maintain and restore effective habitats for fish and wildlife populations. The jobs related to this initiative will be based in rural Oregon.
- vii. ODFW: \$1 million to fund Wolf Plan implementation
- viii. DLCD: The budget adds \$.5 million to develop a collaborative and coordinated work place that protects sage grouse habitat without undermining economic activity.
- ix. Health Care:
 - 1. Investments in telehealth - \$2.4 million to expand telehealth and efficient forms of treatment
 - 2. CCO 2.0 - \$1.9 million to help OHA achieve the goals of CCO 2.0, which includes identifying strategies for reducing disparities faced in Oregon's rural communities, especially in terms of poverty, housing, and transportation
 - 3. Public Health Modernization - \$13.6 million from increased Tobacco Taxes to ensures foundational public health protections are in place for every person in Oregon
- x. Veterans' Affairs - \$600,000 Lottery Funds to expand transportation services in rural areas for veterans medical services



Who are we serving?

Oregon Health Plan
1 million

Corrections
48k

Int./Dev.
Disabilities
26k

K-12 Students
575k

Supplemental
Nutrition
625k

Aging &
Disabilities
35k

Child Welfare
11k



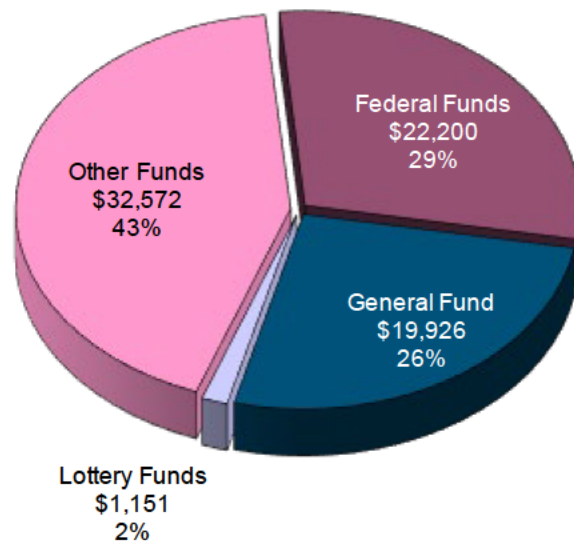
Legislatively Approved Budget 2017-19

Total Funds

(Through May 2018)

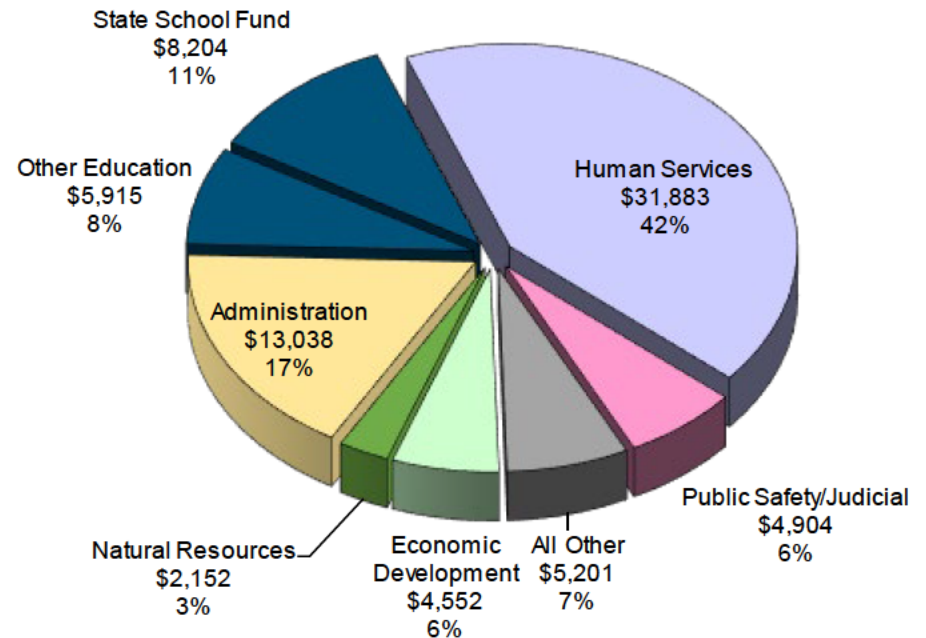
Resources Budgeted

Total: \$75,849 Million



Expenditures

Total: \$75,849 Million*



Note: Other Funds includes \$11 billion from the PERS investment fund for paying out to retirees under the Administration section in Expenditures.

*Numbers do not foot due to rounding.

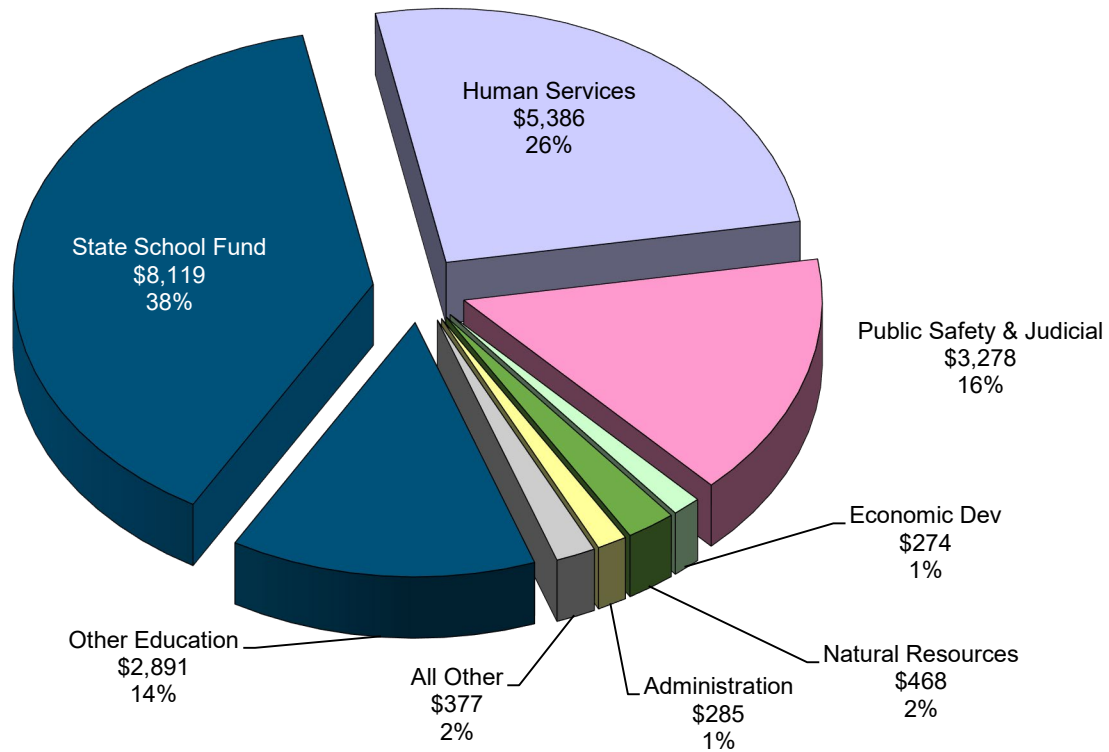


Legislatively Approved Budget 2017-19

General Fund and Lottery Funds Combined

(Through May 2018)

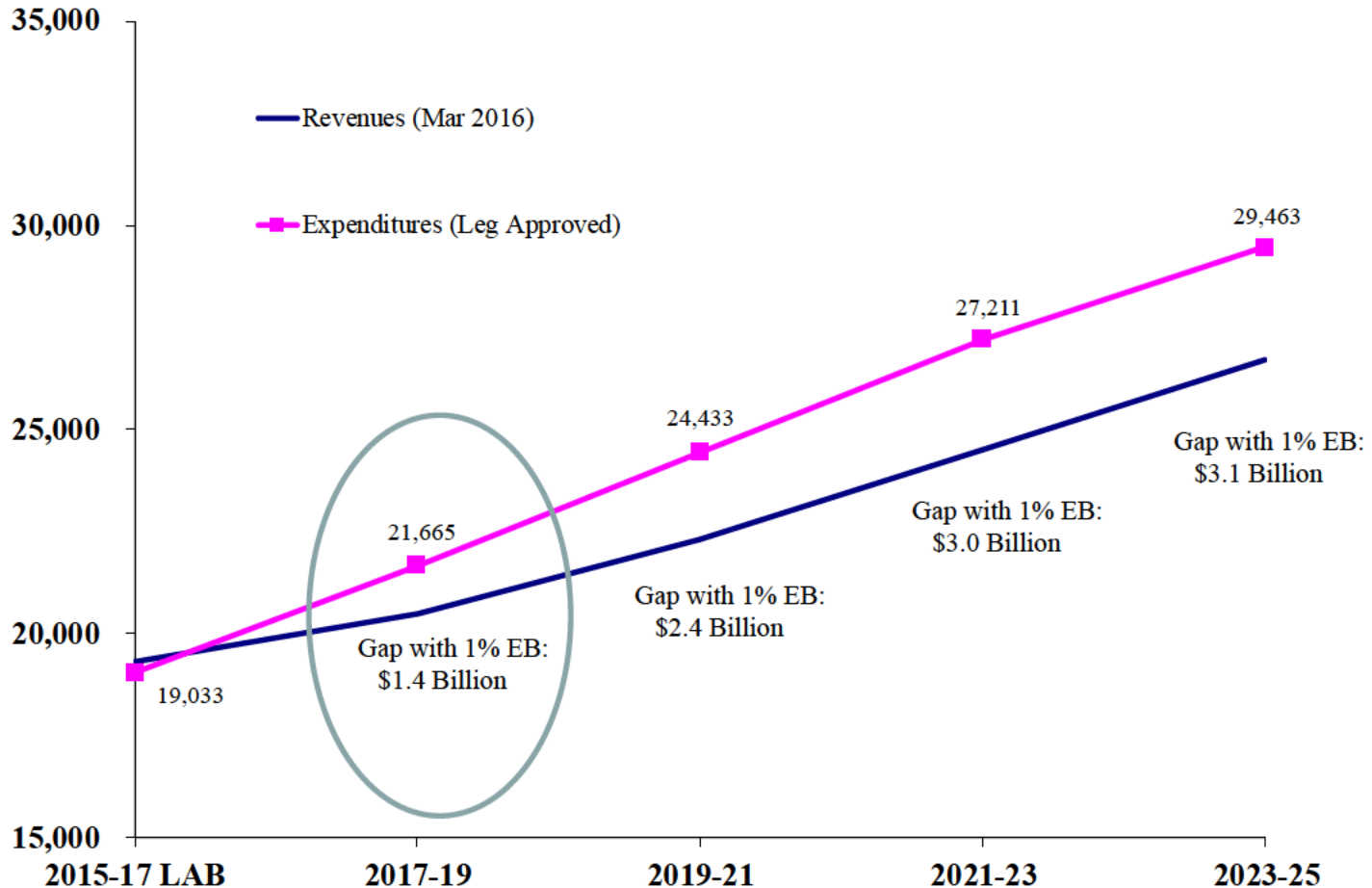
Expenditures Total: \$21,077 Million





2 years ago we faced a \$1.4 billion gap (and a \$2.4 billion gap for '19-21)

Long-term projections from 2016 Budget Kickoff Meeting





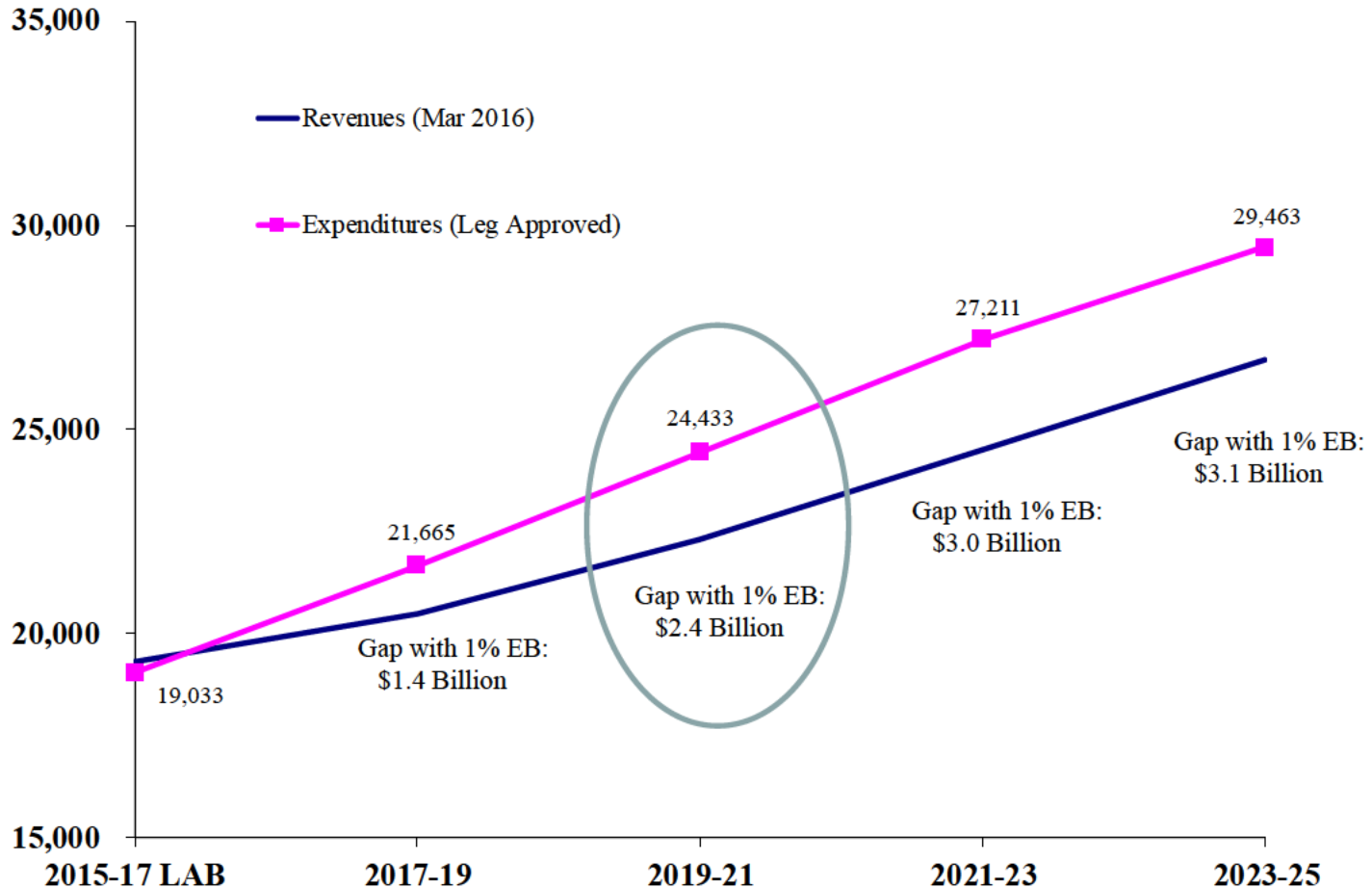
How did we close it?

- Revenue Forecasts went up (\$0.4 billion)
- Essentially flat funded the Oregon Health Authority (\$1.0 billion)
 - Including \$599 million of hospital and insurer assessments
- Across the Board Cost Containment Reductions (\$0.2 billion)
 - Hiring Slowdown
 - Eliminating most inflation
 - Travel reductions
 - Lower DAS and DOJ rates
- All Other Reductions (\$0.2 billion)



2 years ago we faced a \$1.4 billion gap (and a \$2.4 billion gap for '19-21)

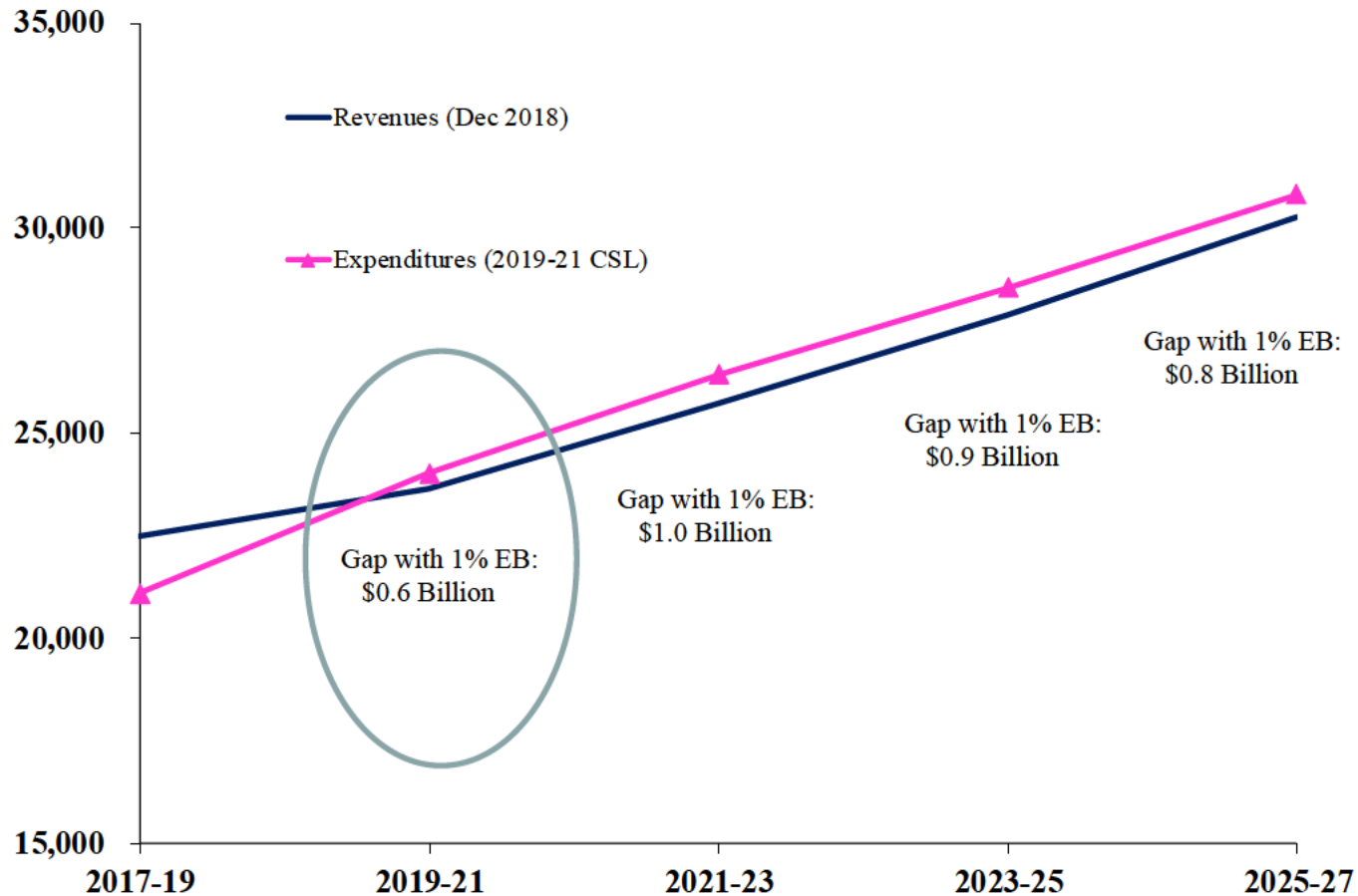
Long-term projections from 2016 Budget Kickoff Meeting





Good news: that \$2.4 billion gap is now much less

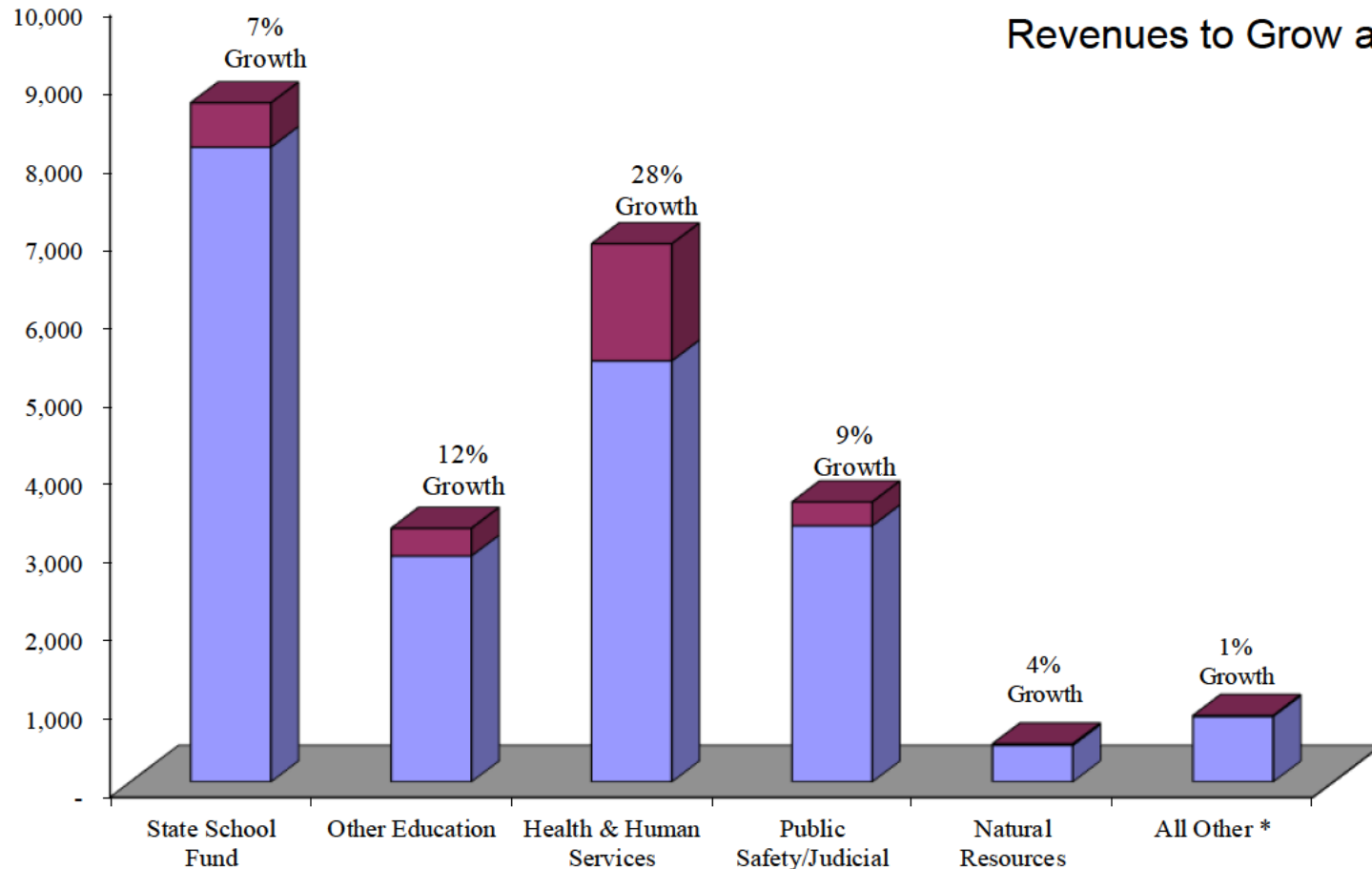
CFO 2018 Tentative Budget Projections





Current Service Level Growth by Program Area

State Economist Projects
Revenues to Grow at about 5%



* - excludes new debt, Salpot, other E-Fund.



Key Budget Drivers

Initiatives

- “Get Tough on Crime” Measures
- Career & Technical Education

Policy Choices

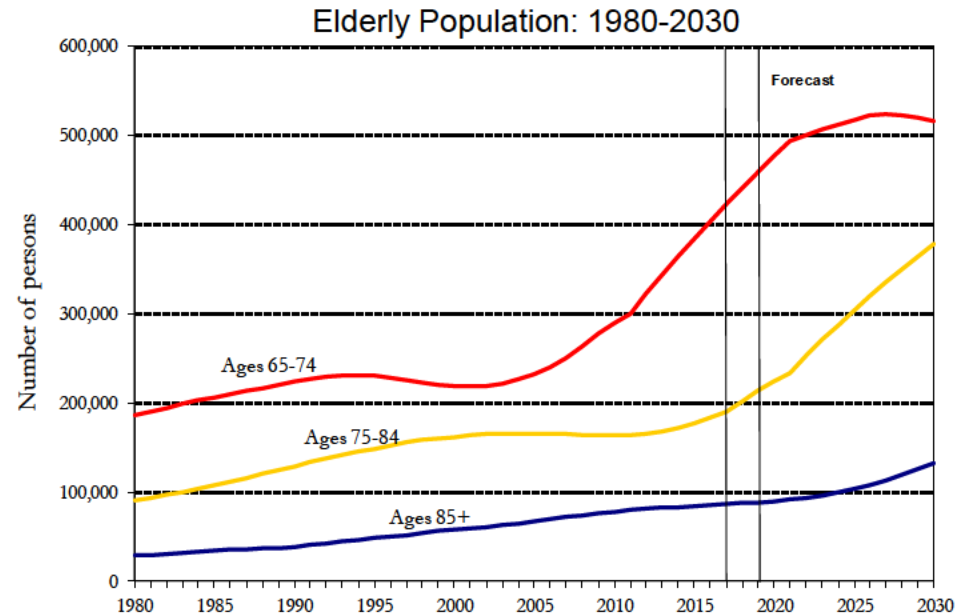
- Affordable Care Act Expansion
- Justice Re-investment Act
- Early Learning

Lawsuits

- Moro Decision (PERS)
- Staley Decision
 - People with Disabilities

Demographics

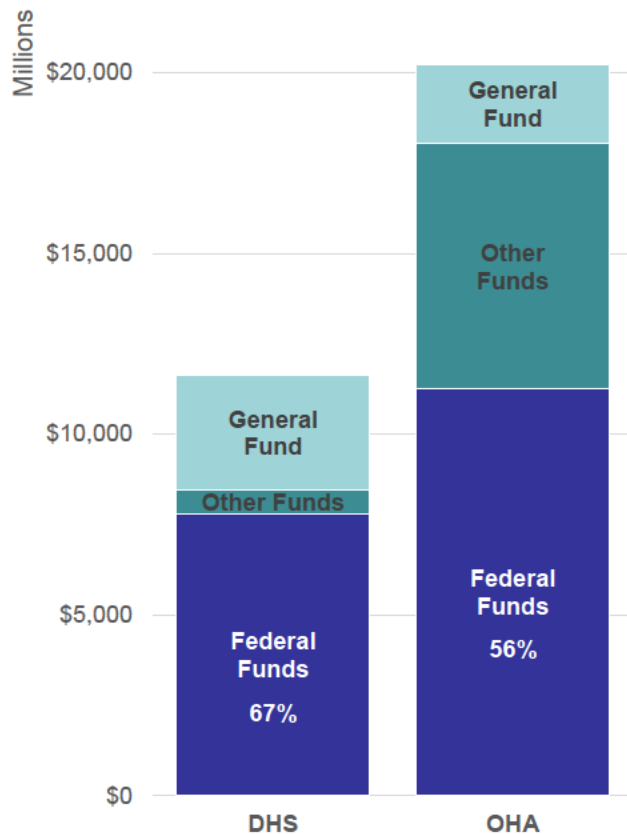
- Seniors
- Economy/Housing/Income





State Programs Rely on Federal Funding

2017-19 Biennial Budget



Federal Funding by Major Program

Oregon Health Authority:

OHP ACA Expansion	94%
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OHP Non-ACA Expansion	63%
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Department of Human Services:

Child Welfare Programs	46%
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Intellectual and Dev. Disability	66%
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Aging and People with Disabilities	64%
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Supplemental Nutrition Benefits	100%
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Who are we serving?

Oregon Health Plan
1 million

Corrections
48k

Int./Dev.
Disabilities
26k

K-12 Students
575k

Supplemental
Nutrition
625k

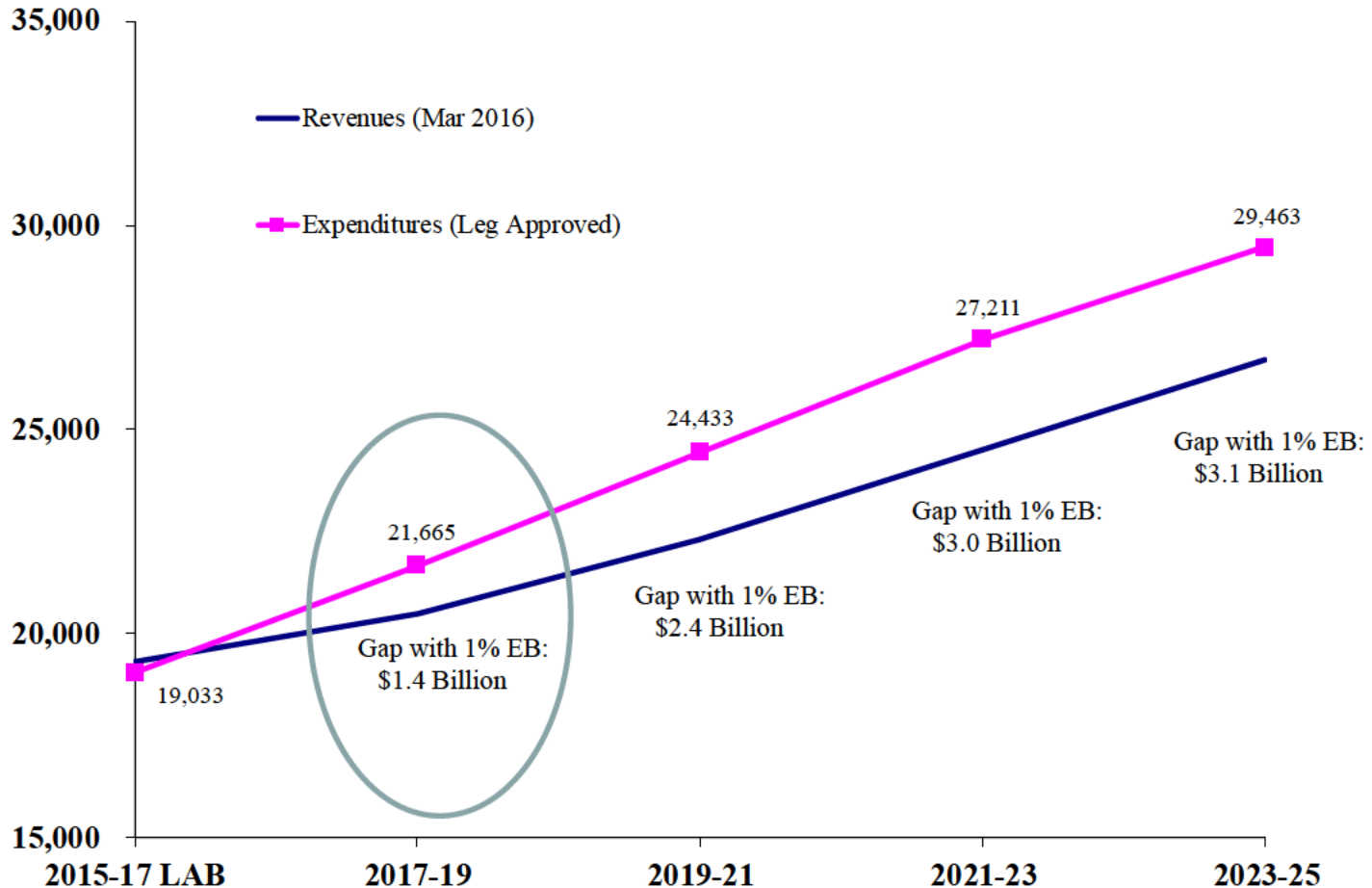
Aging &
Disabilities
35k

Child Welfare
11k



2 years ago we faced a \$1.4 billion gap (and a \$2.4 billion gap for '19-21)

Long-term projections from 2016 Budget Kickoff Meeting





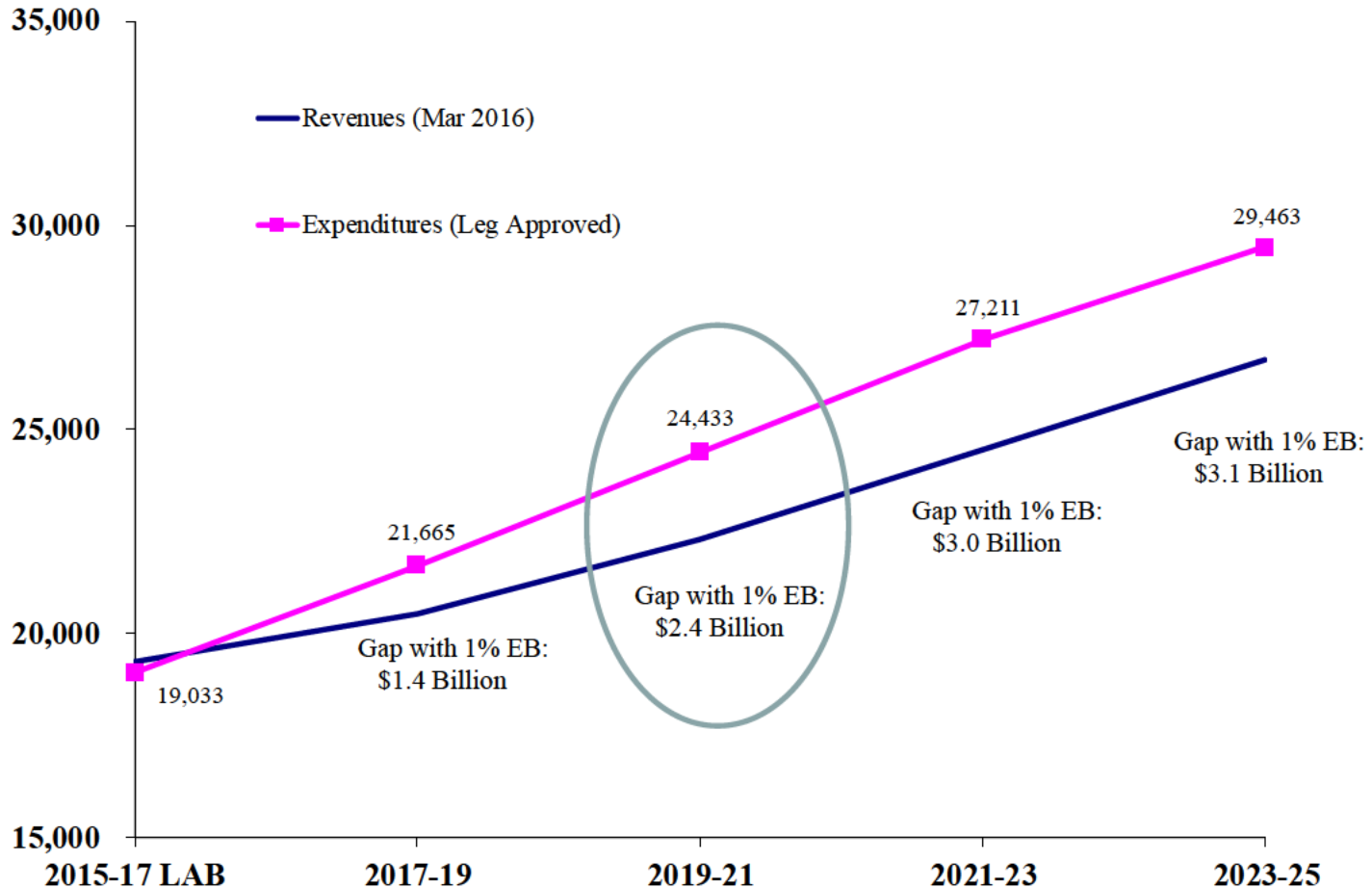
How did we close it?

- Revenue Forecasts went up (\$0.4 billion)
- Essentially flat funded the Oregon Health Authority (\$1.0 billion)
 - Including \$599 million of hospital and insurer assessments
- Across the Board Cost Containment Reductions (\$0.2 billion)
 - Hiring Slowdown
 - Eliminating most inflation
 - Travel reductions
 - Lower DAS and DOJ rates
- All Other Reductions (\$0.2 billion)



2 years ago we faced a \$1.4 billion gap (and a \$2.4 billion gap for '19-21)

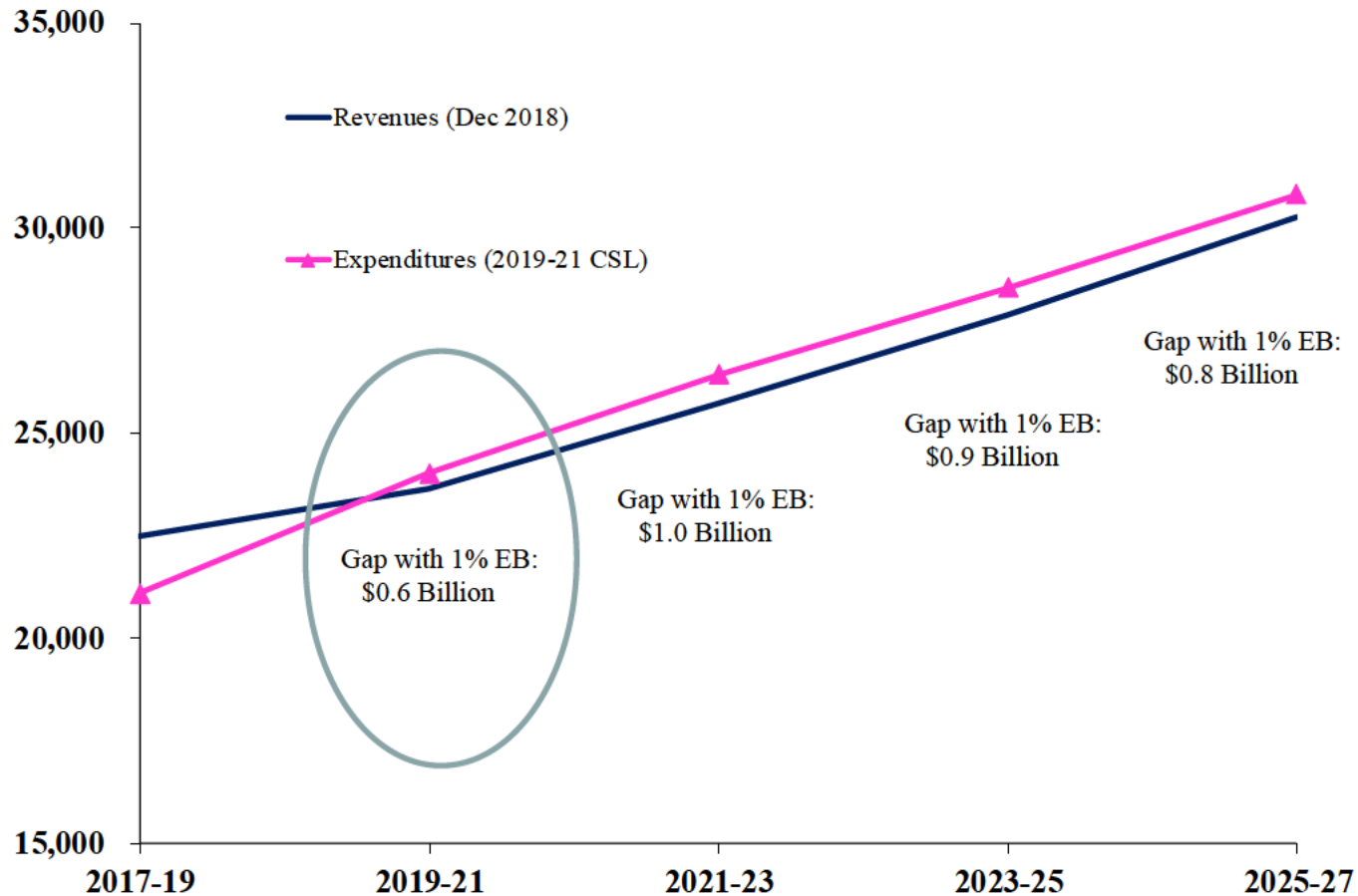
Long-term projections from 2016 Budget Kickoff Meeting





Good news: that \$2.4 billion gap is now much less

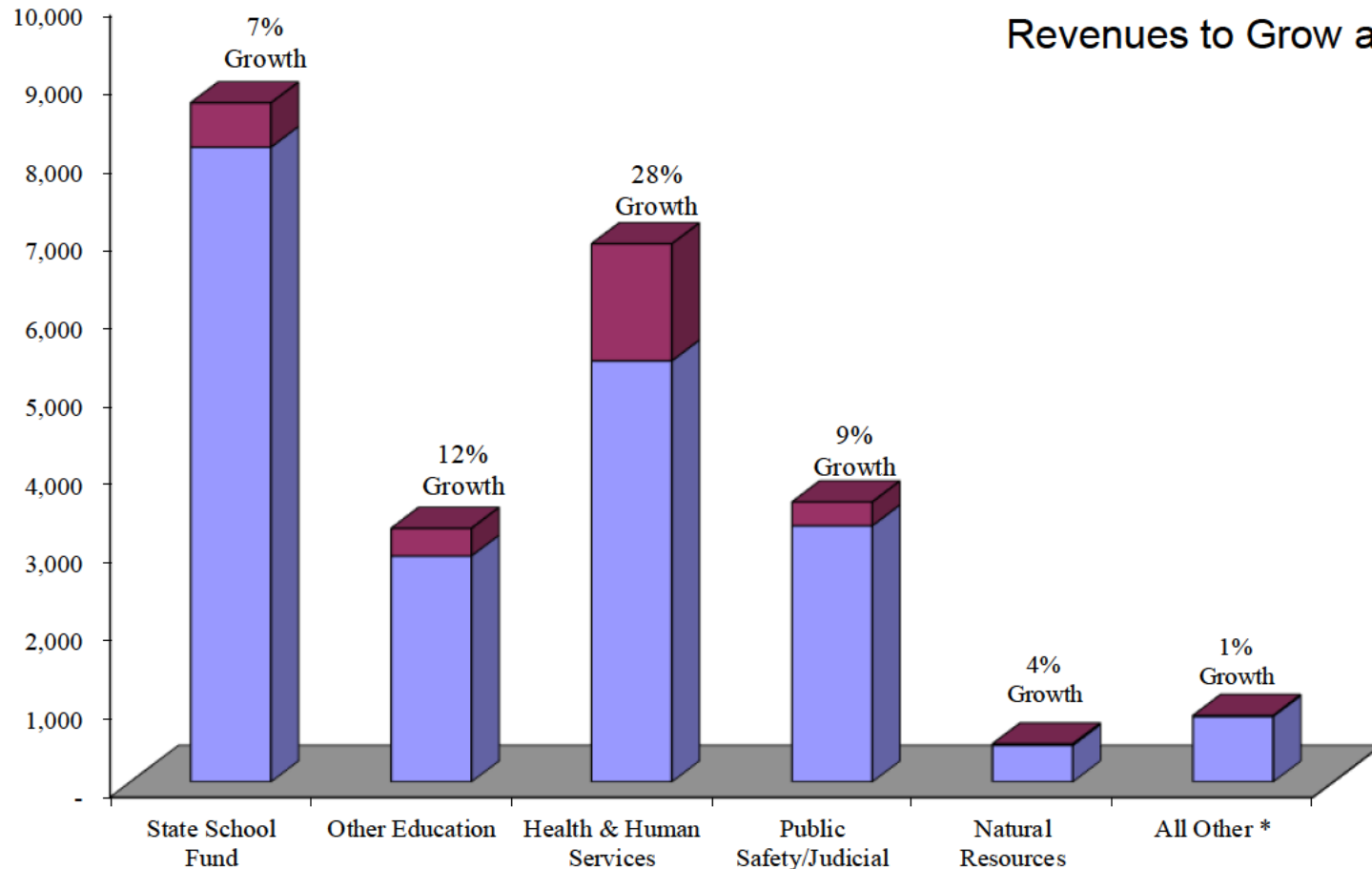
CFO 2018 Tentative Budget Projections





Current Service Level Growth by Program Area

State Economist Projects
Revenues to Grow at about 5%



* - excludes new debt, Salpot, other E-Fund.



Key Budget Drivers

Initiatives

- “Get Tough on Crime” Measures
- Career & Technical Education

Policy Choices

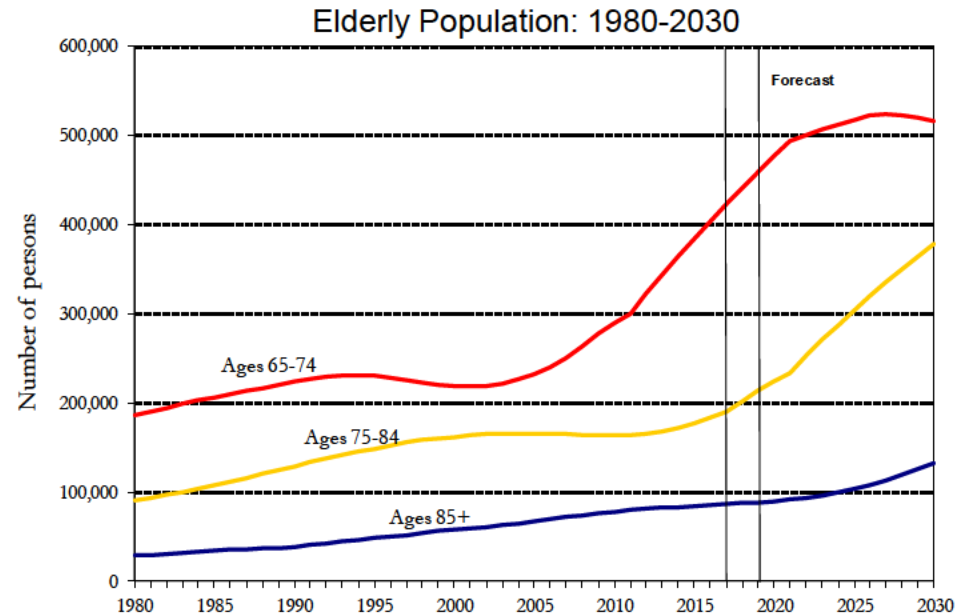
- Affordable Care Act Expansion
- Justice Re-investment Act
- Early Learning

Lawsuits

- Moro Decision (PERS)
- Staley Decision
 - People with Disabilities

Demographics

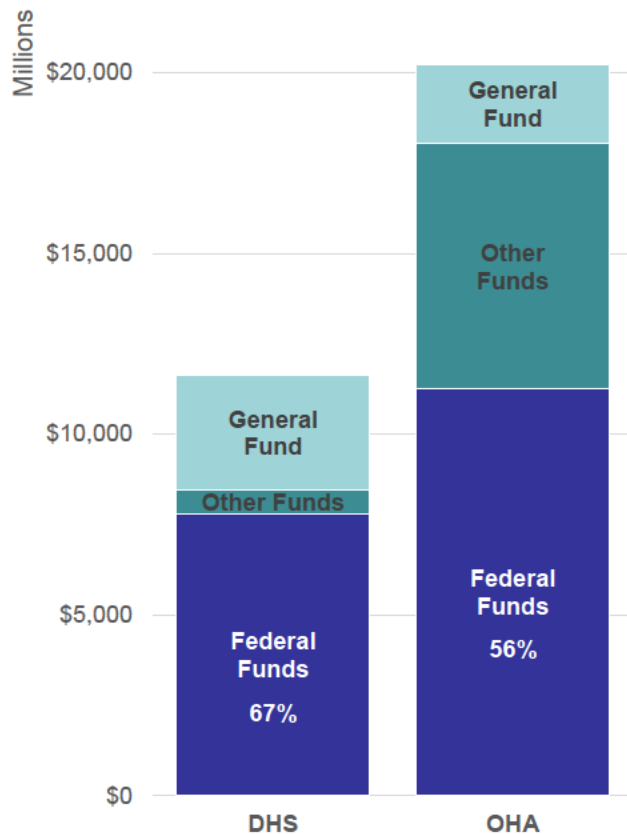
- Seniors
- Economy/Housing/Income





State Programs Rely on Federal Funding

2017-19 Biennial Budget



Federal Funding by Major Program

Oregon Health Authority:

OHP ACA Expansion	94%
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OHP Non-ACA Expansion	63%
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Department of Human Services:

Child Welfare Programs	46%
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Intellectual and Dev. Disability	66%
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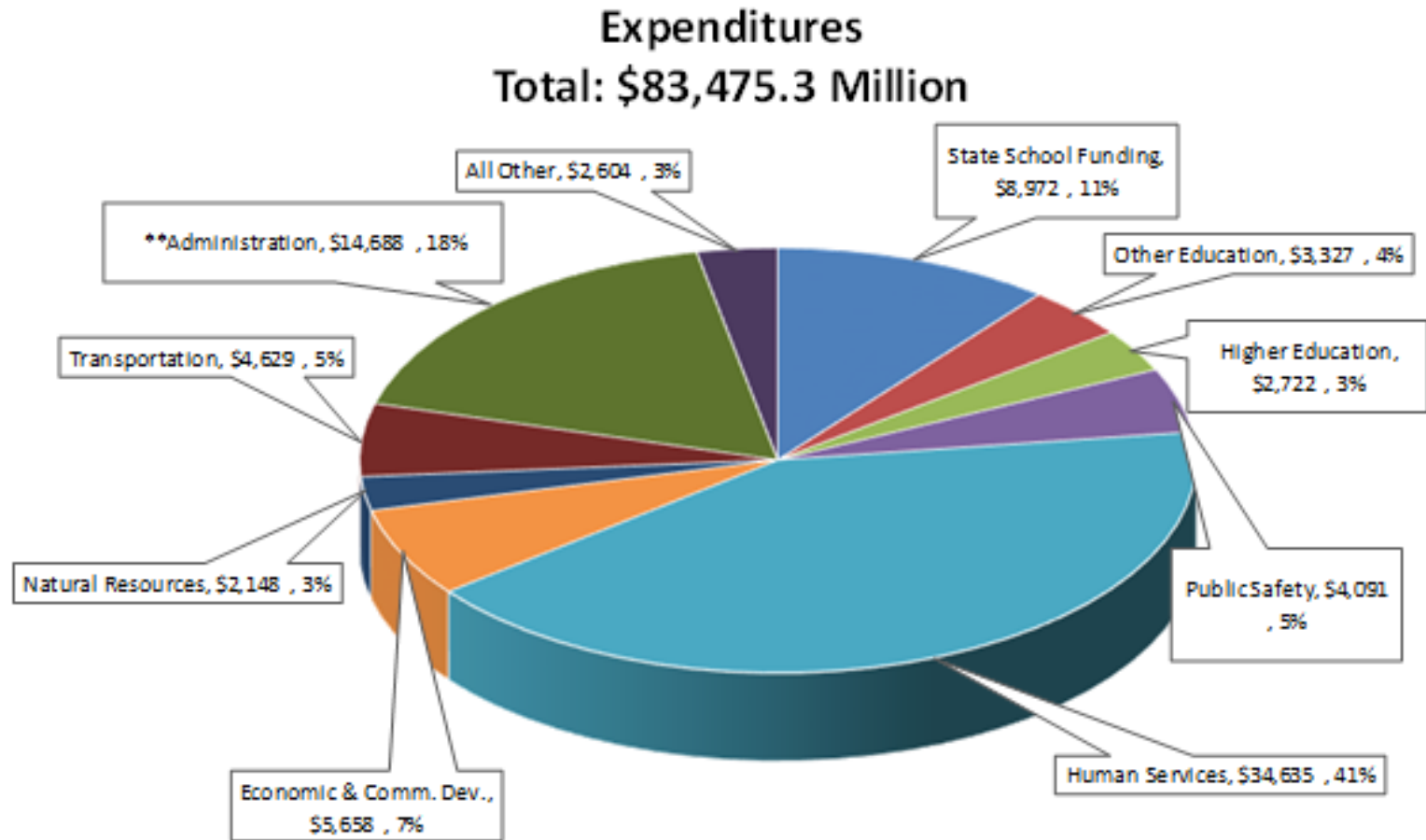
Aging and People with Disabilities	64%
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Supplemental Nutrition Benefits	100%
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Governor's Budget 2019-21

Total Funds



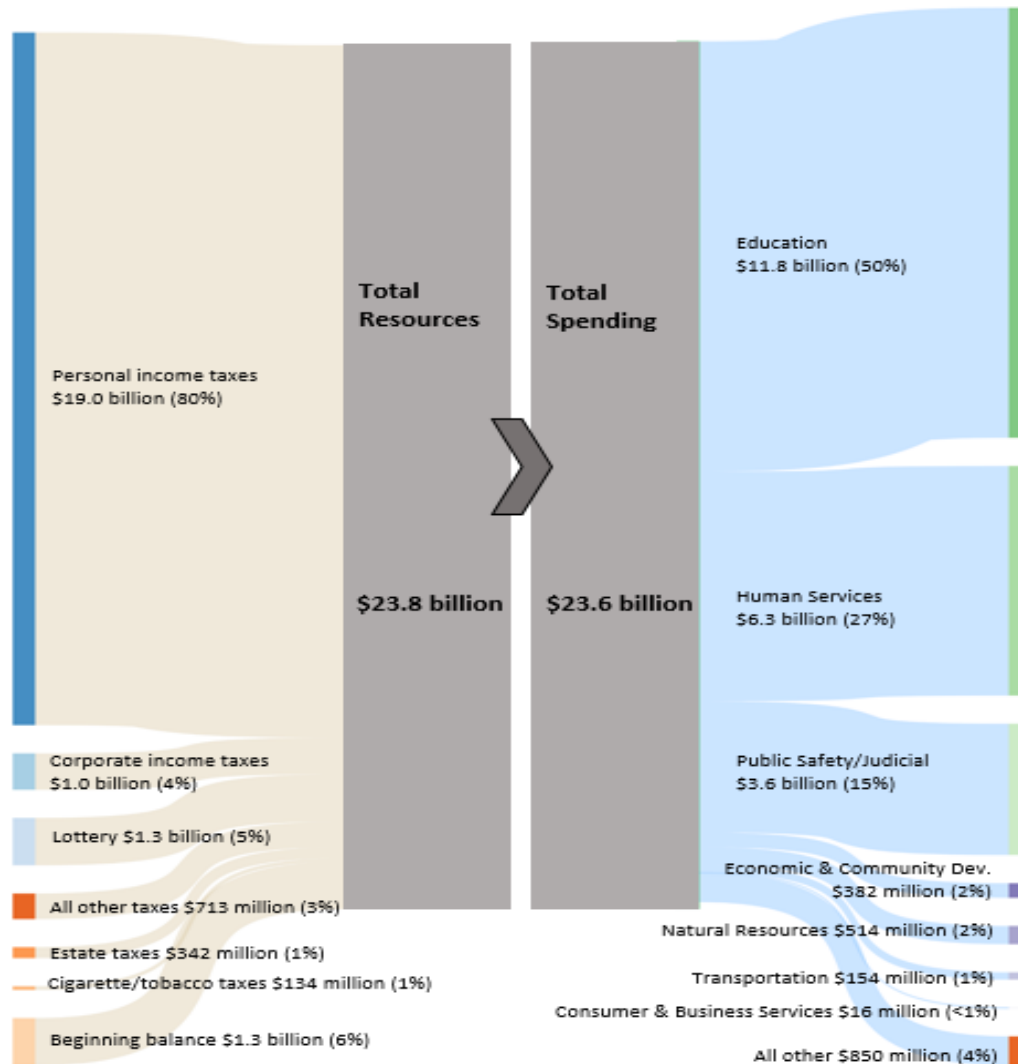
*Totals may not foot due to rounding.

** Other Funds include \$12.5 billion from the PERS investment fund for paying out to retirees under the Administration section in Expenditures.



Governor's Budget 2019-21

General Fund and Lottery Funds Combined

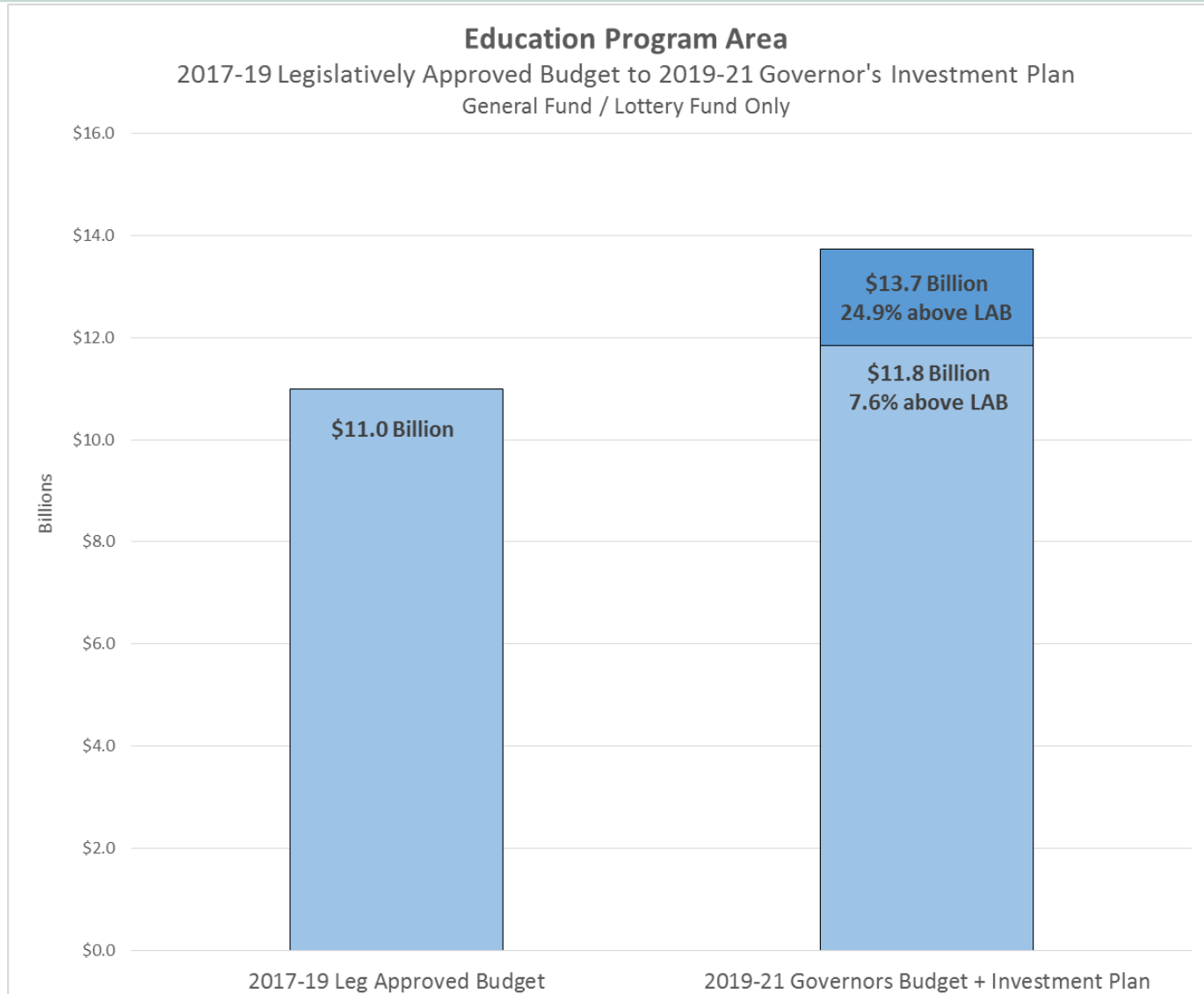


*Numbers may not foot due to rounding.



Governor's Budget and Investment Plan

Education Program Area



From: [HEIBERG HOLLY](#)
To: [ROMAN Linda * GOV](#); [EDLUND Tina * GOV](#); [KONDAYEN Kate * GOV](#)
Cc: [DOLPH ANNALIESE](#); [Jagger Dawn A](#); [ALLEN Patrick](#)
Subject: RE: .370 population and E-board
Date: Wednesday, November 28, 2018 11:42:40 AM

Hello Linda, Tina and Kate,

Below is the draft language we have put together and plan to send to Linda by 12:30. Please let me know if you would like any changes.

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Proposed Funding Parameters

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Outcomes and Metrics

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From: ROMAN Linda * GOV <Linda.ROMAN@oregon.gov>

Sent: Tuesday, November 27, 2018 1:24 PM

To: Heiberg Holly <HOLLY.HEIBERG@dhsosha.state.or.us>; EDLUND Tina * GOV <Tina.EDLUND@oregon.gov>; KONDAYEN Kate * GOV <Kate.KONDAYEN@oregon.gov>

Cc: DOLPH ANNALIESE <ANNALIESE.DOLPH@state.or.us>; JAGGER Dawn <Dawn.Jagger@state.or.us>; Allen Patrick <Patrick.Allen@dhsosha.state.or.us>

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+ Kate as a flag ahead of the media avail tomorrow.

Linda

Linda Roman, Deputy Healthcare Policy Advisor

Office of Governor Kate Brown
Somerville Building
775 Court Street NE
Salem, OR 97301

Mailing address:
900 Court Street NE, 254
Salem, OR 97301

Phone: 503-428-3524

Executive Assistant Coline Benson

Coline.Benson@oregon.gov

From: Heiberg Holly <holly.heiberg@state.or.us>
Sent: Tuesday, November 27, 2018 11:33 AM
To: EDLUND Tina * GOV <Tina.EDLUND@oregon.gov>; ROMAN Linda * GOV <Linda.ROMAN@oregon.gov>
Cc: DOLPH ANNALIESE <ANNALIESE.DOLPH@state.or.us>; JAGGER Dawn <Dawn.Jagger@state.or.us>; ALLEN Patrick <patrick.allen@state.or.us>
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Kindly,
Holly Heiberg
Government Relations Director
Oregon Health Authority
(971)-207-7767

From: [KONDAYEN Kate * GOV](#)
To: [HEIBERG HOLLY](#); [ROMAN Linda * GOV](#); [EDLUND Tina * GOV](#)
Cc: [DOLPH ANNALIESE](#); [Jagger Dawn A](#); [ALLEN Patrick](#)
Subject: Re: .370 population and E-board
Date: Wednesday, November 28, 2018 12:25:03 PM

Hi Holly,

Sorry to come in late but can you rephrase the line highlighted below? Tina will be able to give you more guidance on the phone.

Best,
Kate

From: Heiberg Holly <holly.heiberg@state.or.us>
Date: Wednesday, November 28, 2018 at 11:43 AM
To: ROMAN Linda * GOV <Linda.ROMAN@oregon.gov>, EDLUND Tina * GOV <Tina.EDLUND@oregon.gov>, KONDAYEN Kate * GOV <Kate.KONDAYEN@oregon.gov>
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Sent: Tuesday, November 27, 2018 1:24 PM

To: Heiberg Holly <HOLLY.HEIBERG@dhsosha.state.or.us>; EDLUND Tina * GOV <Tina.EDLUND@oregon.gov>; KONDAYEN Kate * GOV <Kate.KONDAYEN@oregon.gov>

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To: [KONDAYEN Kate * GOV](#); [ROMAN Linda * GOV](#); [EDLUND Tina * GOV](#)
Cc: [DOLPH ANNALIESE](#); [Jagger Dawn A](#); [ALLEN Patrick](#)
Subject: RE: .370 population and E-board
Date: Wednesday, November 28, 2018 12:34:58 PM

Will do. I am on a conference call and will call Tina as soon as I am off (momentarily).

From: KONDAYEN Kate * GOV <Kate.KONDAYEN@oregon.gov>
Sent: Wednesday, November 28, 2018 12:25 PM
To: Heiberg Holly <HOLLY.HEIBERG@dhsosha.state.or.us>; ROMAN Linda * GOV <Linda.ROMAN@oregon.gov>; EDLUND Tina * GOV <Tina.EDLUND@oregon.gov>
Cc: DOLPH ANNALIESE <ANNALIESE.DOLPH@state.or.us>; JAGGER Dawn <Dawn.Jagger@state.or.us>; Allen Patrick <Patrick.Allen@dhsosha.state.or.us>
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Government Relations Director
Oregon Health Authority
(971)-207-7767

From: [HEIBERG HOLLY](#)
To: [EDLUND Tina * GOV](#)
Subject: Fwd: alternative option for .370
Date: Wednesday, November 28, 2018 1:36:05 PM

Holly Heiberg
Government Relations
Oregon Health Authority
(971)-207-7767

Begin forwarded message:

From: Heiberg Holly <HOLLY.HEIBERG@dhsosha.state.or.us>
Date: November 28, 2018 at 1:25:05 PM PST
To: AMES Linda L <Linda.L.Ames@state.or.us>
Cc: Evans Janell R <JANELL.R.EVANS@dhsosha.state.or.us>, MACDONALD Thomas * DAS <Thomas.MACDONALD@oregon.gov>, Jagger Dawn A <Dawn.Jagger@dhsosha.state.or.us>, ROMAN Linda * GOV <Linda.ROMAN@oregon.gov>, Evans Janell R <JANELL.R.EVANS@dhsosha.state.or.us>, STAPLES Roger <Roger.STAPLES@dhsosha.state.or.us>, Dolph Annaliese <ANNALIESE.DOLPH@dhsosha.state.or.us>, TO Kim <Kim.To@state.or.us>
Subject: alternative option for .370

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(971)-207-7767

From: [ROMAN Linda * GOV](#)
To: [EDLUND Tina * GOV](#)
Subject: FW: alternative option for .370
Date: Wednesday, November 28, 2018 3:18:15 PM

See Linda's response below

Linda Roman, Deputy Healthcare Policy Advisor

Office of Governor Kate Brown
Somerville Building
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Executive Assistant Coline Benson
Coline.Benson@oregon.gov

From: Ames Linda L <Linda.L.Ames@oregonlegislature.gov>
Sent: Wednesday, November 28, 2018 1:40 PM
To: HEIBERG HOLLY <holly.heiberg@state.or.us>; AMES Linda L <Linda.L.Ames@state.or.us>
Cc: DOLPH ANNALIESE <ANNALIESE.DOLPH@state.or.us>; JAGGER Dawn <Dawn.Jagger@state.or.us>; EVANS JANELLE R <janell.r.evans@state.or.us>; TO Kim <Kim.To@state.or.us>; ROMAN Linda * GOV <Linda.ROMAN@oregon.gov>; STAPLES Roger <roger.staples@state.or.us>; MACDONALD Thomas * DAS <Thomas.MACDONALD@oregon.gov>
Subject: RE: alternative option for .370

Thanks Holly. While this is very high level, it is a start, and incorporates some good ideas. I understand that this will continue to evolve over the next few weeks.

I had asked for an option related to about \$1 million, not \$2.7 million. \$2.7 million seems like a very large amount of money to get out productively in 6 months. Why did you pick \$2.7 million? Have you done any sort of preliminary pricing that would suggest an appropriate range of funding? \$2.7 million results in a monthly amount of \$450,000. That is more per month than the 2019-21 request of \$7.6 million.

Have you discussed whether you would focus on just a few counties that have the worst issue, or be more broad? This makes it sound broad, but in six months that doesn't seem realistic.

One of your suggestions is to hire an Aid and Assist coordinator. How would that position be different than Cody's?

Thanks very much,

Linda

Linda Ames
Legislative Fiscal Office
503-986-1816

From: Heiberg Holly <holly.heiberg@state.or.us>
Sent: Wednesday, November 28, 2018 1:25 PM
To: AMES Linda L <Linda.L.Ames@state.or.us>
Cc: DOLPH ANNALIESE <ANNALIESE.DOLPH@state.or.us>; JAGGER Dawn <Dawn.Jagger@state.or.us>; EVANS JANELL R <janell.r.evans@state.or.us>; TO Kim <Kim.To@state.or.us>; ROMAN Linda * GOV <Linda.ROMAN@oregon.gov>; STAPLES Roger <roger.staples@state.or.us>; MACDONALD Thomas * DAS <Thomas.MACDONALD@oregon.gov>
Subject: alternative option for .370

Hello Linda,

OHA originally requested \$2.7 million to open an additional civil unit at the OSH Junction City campus in order to create additional space in Salem for the aid and assist population, after seeing a steady increase in this population that reached a record high in October 2018. After continued conversations with Legislative Fiscal office, counties, mental health providers and other stakeholders, we would like to propose an alternative option for outcomes-based investments in the community to curb the volume of aid and assist patients admitted to OSH. This will also allow OSH time to study the feasibility of opening an additional unit in Junction City for a one year period as proposed in the Governor's budget.

We have worked with our community partners to propose this amended request for \$2.7 million to provide immediate assistance to counties and regions to increase community capacity to serve aid and assist defendants. This immediate infusion of funding will allow OHA and counties to develop a strategic partnership with the goal of addressing the needs on the county or regional level, and, in turn, curbing the number of criminal defendants sent to OSH for Aid and Assist services.

Proposed Funding Parameters

Counties may apply for single or multi-county funding through existing contracts for projects to include the following, or other innovative programs that will serve this population on the local level and prevent admission to OSH. The following have been identified as best practices in serving this population in their home community, as well as a defined need in counties with a current high census at the state hospital.

- Designated Aid and Assist Coordinator in the community
- Designated District Attorney or Judge
- Additional neutral forensic evaluation capacity in the community
- Jail diversion services

Crisis Housing

Outcomes and Metrics

The state currently funds community aid and assist services at varying levels. However, the current funding is not linked to identified outcomes and metrics. Key outcomes for the short-term funding have been identified. Metrics will be identified with community stakeholders before funding is released. Key outcomes include:

- Increased collaboration between county stakeholders, including Community Mental Health Programs, county and local policymakers, judiciary and law enforcement.
- Hire or designation of an Aid and Assist Coordinator within 45 days of funding.
- Defined Aid and Assist Plan that meets the community's needs.
- Metrics that are process-oriented in the short-term and working toward longer term health and system outcomes.
- Provide counties the opportunity to design and implement solutions that effectively leverage and strengthen community resources to address both local and state-wide challenges
- Financial and other incentives where appropriate and feasible
- State technical assistance and other supports as needed and appropriate to ensure success
- Strategy focused on reducing OSH bed days for aid and assist cases rather than referrals or average daily population. This strategy allows counties flexibility in achieving the goal of fewer beds days by both reducing OSH referrals and by assisting OSH in shortening lengths of stay after referral. Reductions in aid and assist bed days will result in reductions in county average daily census for these cases.

Holly Heiberg
Government Relations Director
Oregon Health Authority
(971)-207-7767

From: [ALLEN Patrick](#)
To: [EDLUND Tina * GOV](#); [ROMAN Linda * GOV](#)
Subject: JC 2.7
Date: Wednesday, November 28, 2018 3:53:25 PM

Just got a text from Bob Joondeph about being “disappointed” to see Junction City in the GRB. If she gets questioned about this tomorrow, I’d suggest she say something like:

I don’t like it either. OHA is working with stakeholders right now to find community-based alternatives. But the fact is, at the increasing rates individuals who are unable to aid and assist in their defense are being sent to the State Hospital, we will exhaust the capacity we just added, and again risk failing to meet standards for how soon individuals need to be admitted.

Pat.

From: [HEIBERG HOLLY](#)
To: [EDLUND Tina * GOV](#)
Cc: [JAGGER Dawn](#)
Subject: FW: Follow Up items from 12/6 phone call regarding OSH Aid and Assist Census/Mink order
Date: Friday, December 7, 2018 4:48:20 PM
Attachments: [image001.png](#)

Hello Tina,
Here is some of the data you requested and context.

Kindly,
Holly

Good afternoon,

Thanks for the conference call yesterday to discuss the .370 population at OSH and our pending .370 orders for admission.

I had a great conversation with Sarah Radcliffe from Disability Rights Oregon this morning and let her know that OSH is again at risk for violating the Mink order. Sarah said that she understood the situation and that a formal notification was not necessary. I also emailed her our weekly update that depicts our list of .370 orders by counties and timeframes for OSH admission.

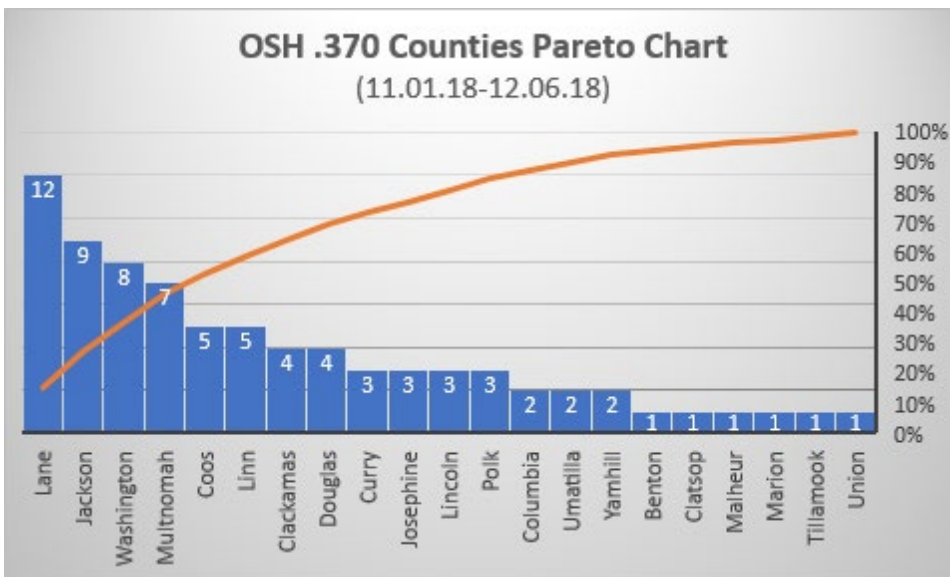
As requested from our conversation yesterday, below is a table that shows .370 patients that no longer meet Hospital Level of Care criteria. The bottom five cells in the "Notification to Court" column are blank because we wait until we confirm the court has received our notification before we enter a date.

.370 PATIENTS DESIGNATED READY for COMMUNITY PLACEMENT (RCP)

County	Misd.	Felony	PET RCP Date	Notification to Court	Pending to Discharge: Total Days
Coos	C		02/09/18	02/15/18	301
Klamath		C	08/03/18	08/10/18	126
Washington	A		08/23/18	08/24/18	106
Coos	A		08/31/18	09/14/18	98
Marion	A		09/20/18	09/24/18	78
Multnomah	A		09/25/18	09/28/18	73
Coos	A		10/02/18	10/04/18	66
Jackson	A		10/25/18	10/29/18	43

Douglas	A		11/20/18	11/27/18	17
Clackamas	A		11/27/18	12/06/18	10
Multnomah	A		12/04/18		3
Multnomah	A		12/04/18		3
Washington	A		12/04/18		3
Washington	A		12/04/18		3
Washington	A		12/06/18		1

This is a Pareto chart that depicts .370 orders by county since 11/1/2018.



Please let me know if you have any questions.

Dolly and I look forward to talking with you again at 5 PM,

Derek

Derek Wehr | Deputy Superintendent

OREGON STATE HOSPITAL | Desk: 503.945.7771 | Cell: 503.569-6076

Email: derek.wehr@state.or.us | Web: osh.oregon.gov

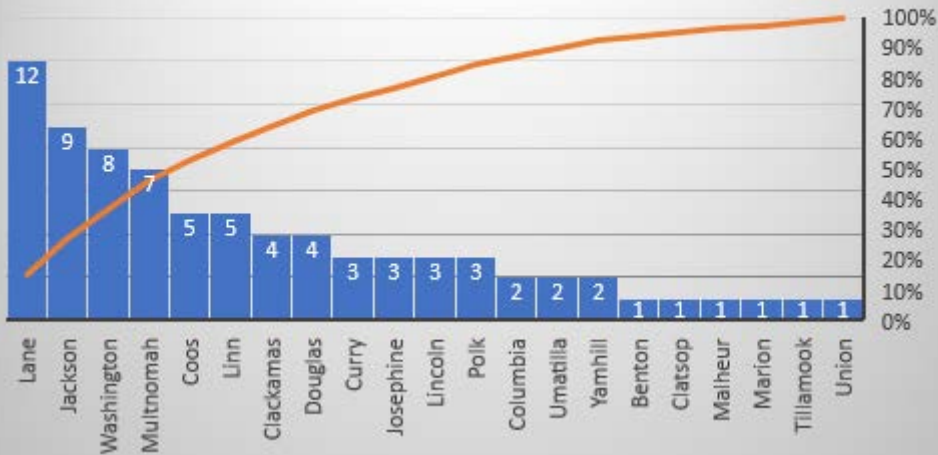
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immediately delete the message and any attachments from your system.

OSH .370 Counties Pareto Chart

(11.01.18-12.06.18)



From: [JAGGER Dawn](#)
To: [EDLUND Tina * GOV](#); [ROMAN Linda * GOV](#)
Subject: Fwd: .370 Option document and talking points
Date: Monday, December 10, 2018 3:09:07 PM
Attachments: [OSH Census options to address .370 patient population demand 20181209.pptx ATT00001.htm](#)
[Talking Points OSH .370 population demand and options 20181209.doc ATT00002.htm](#)

Dawn Jagger
Chief of Staff
Oregon Health Authority
Mobile: 503/884-6411

Begin forwarded message:

From: WEHR Derek <Derek.WEHR@dhsoha.state.or.us>
Date: December 10, 2018 at 12:48:05 PM PST
To: Allen Patrick <Patrick.Allen@dhsoha.state.or.us>, Jagger Dawn A <Dawn.Jagger@dhsoha.state.or.us>
Cc: "Matteucci Dolores (Dolly)" <DOLORES.MATTEUCCI@dhsoha.state.or.us>
Subject: .370 Option document and talking points

Dawn,

Here are the two documents you requested.

Talk with you soon,

Derek

Derek Wehr | Deputy Superintendent

OREGON STATE HOSPITAL | Desk: 503.945.7771 | Cell: 503.569-6076
Email: derek.wehr@state.or.us | Web: osh.oregon.gov

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OSH CENSUS OPTIONS TO ADDRESS .370 PATIENT POPULATION DEMAND - 12/09/18

BACKGROUND

The OSH Salem campus opened in 2010 with a total capacity of 488 Hospital Level of Care(HLOC) beds and 90 Secure Residential Treatment Facility (SRTF) beds. The OSH Junction City campus opened in 2015 with a total capacity of 75 HLOC beds and 25 SRTF beds. The Junction City campus contains two vacant SRTF units (50 beds) that are not funded for occupancy. Patient population capacity for the facilities was based on forecasts for GEI/Civil/.370 patient populations published in 2004 and 2007.

Between 2012 and 2018 the demand for .370 beds has doubled **from 30 admissions per month to 60 admissions per month** and the demand for Civil and GEI beds has decreased.

To meet the increasing .370 demand, OSH has increased designated .370 capacity on the Salem campus from the original designated capacity of 144 beds set in 2010 (^184 beds in 2015, ^210 beds in 2016). In October 2018, OSH increased capacity to 236 beds to meet .370 demand by converting a Civil unit to a .370 unit. OSH was out of compliance with the Mink order throughout the month of October 2018, which requires all .370 patients to be admitted within 7 days of the court order.

On October 29th, 2018, OHA submitted a request to the Emergency Board to open a 25-bed unit in Junction City in order to maintain HLOC bed capacity and build patient population demand flexibility.

CURRENT CENSUS / MINK ORDER COMPLIANCE / SHORT TERM ACTIONS

- On 12/11/18 OSH will once again be serving **256** patients under .370 orders.
 - OSH has been in Mink order compliance with all .370 orders since 11/1/18.
 - OSH is again at risk of being out of compliance with the Mink order, based on the number of pending .370 orders and expected discharges. DRO has been notified of the risk and OSH provides DRO a weekly update.
 - On 12/7/18 OHA/OSH Leadership launched a plan to transfer 6-8 of the 15 .370 patients that don't meet HLOC criteria to vacant GEI beds to better meet the admission demand for .370 patients and to extend Mink order compliance.
- ** Courts, OHA and Counties are consistently notified of .370 patients who no longer meet HLOC criteria.**

OPTION 1 – OPEN NEW HLOC UNIT in JUNCTION CITY

COST: \$2,714,077 for the remainder of the 2017-2019 biennium.

TIMELINE: Open 4/1/18 – dependent on barrier removal.

BARRIERS:

- Requires waivers from OHA Public Health – OAR 333-535-0260 - each patient room must have a toilet and hand washing station.
- Requires CMS approval to expand CMS certified bed capacity.
- Requires unit modifications to mitigate ligature issues.
- Timeline to recruit /hire all requisite staff (EST 90 days).

POPULATION SERVED OPTIONS:

A) Transfer 25 Civil patients from Salem Campus and convert Salem unit to .370 unit (.370 Capacity = 262).

- Option would disrupt existing linkages that patients have with treatment providers and potentially extend LOS.

B) Admit .370 patients to new unit (.370 Capacity = 261).

- Option would require significant oversight from the OSH Forensic Evaluation Services(FES) team in Salem.

OPTION 2 – OPEN NEW SRTF UNIT in JUNCTION CITY

COST: EST \$2.4m for the remainder of the 2017-2019 biennium.

TIMELINE: Open on 4/1/18 – based on EST 90 days to hire staff.

BARRIER: Timeline to recruit/hire all requisite staff (EST 90 days).

POPULATION SERVED OPTIONS:

A) Transfer Civil patients who have been designated as ready for discharge (**18** as of 12/9/18) from the Salem Campus and convert Salem unit to .370 unit (.370 Capacity increases to 262).

- Option would disrupt existing linkages that patients have with treatment providers and potentially extend LOS.

B) Transfer .370 patients who no longer meet HLOC criteria (**15** as of 12/9/18) to new Junction City unit (.370 capacity increases based on # of .370 patients that don't meet HLOC criteria).

- Option would disrupt existing linkages that patients have with treatment providers and potentially extend LOS.

C) Combine patient transfer options in A and B categories, prioritizing .370 patients (.370 capacity increases based on # of .370 patients that don't meet HLOC criteria).

DRAFT Talking Points – 12/09/18

- Capacity for the two new OSH facilities was based on .370/GEI/Civil patient population forecasts published in 2004 & 2007.
- The *Mink* order with DRO requires all .370 patients to be admitted to OSH within 7 days of the signed court order.
- The demand for .370 beds has doubled between 2012 and 2018, increasing from 30 admissions per month to 60 admissions per month.
- OSH has responded to the increasing demand by increasing .370 capacity through the conversion of Civil and GEI beds to .370 beds.
 - 2010 – 144 .370 beds
 - 2015 – Increased to 184 .370 beds
 - 2016 – Increased to 210 .370 beds
 - 2018 – Increased to 236 .370 beds
- During the month of October 2018, OSH was unable to comply with the *Mink* order due to increasing demand and lack of .370 beds.
- On October 29th, 2018, OHA submitted a request to the Emergency Board to open one of the two vacant 25-bed units in Junction City in order to maintain Hospital Level of Care bed capacity and build patient population demand flexibility.
- Although OSH has complied with the *Mink* order since November 1st, 2018, the hospital is once again at risk of non-compliance due to a .370 census of **256** patients (20 over designated .370 bed capacity) patients and the number of pending .370 orders.
- DRO has been notified of the risk and OSH provides weekly DRO updates.
- OHA/OSH Leadership has launched a plan to meet the admission demand for .370 patients for the next few weeks to remain in *Mink* order compliance, however due to .370 bed capacity shortages, this plan will only help meet demand in the short term.



OPTION 1 – Hospital Level of Care unit in Junction City

- **COST:** \$2,714,077 for the remainder of the 2017-2019 biennium.
- **TIMELINE:** Open 4/1/18 – dependent on barrier removal.
- **BARRIERS:**
 - Requires waivers from OHA Public Health – OAR 333-535-0260 – each patient room must have a toilet and hand washing station.
 - Requires CMS approval to expand CMS certified bed capacity.
 - Requires unit modifications to mitigate ligature issues.
 - Timeline to recruit /hire all requisite staff (EST 90 days).
- **POPULATION SERVED OPTIONS:**
 - A)** Transfer 25 Civil patients from Salem Campus and convert Salem unit to .370 unit (.370 Capacity = 262).
 - Option would disrupt existing linkages that patients have with treatment providers and potentially extend LOS.
 - B)** Admit .370 patients to new unit (.370 Capacity = 261).
 - Option would require significant oversight from the Salem-based OSH Forensic Evaluation Services(FES) team and training for .370 treatment services.

OPTION 2 – Secure Residential Treatment Facility unit in Junction City

- **COST:** EST \$2.4m for the remainder of the 2017-2019 biennium.
- **TIMELINE:** Open on 4/1/18 – based on EST 90 days to hire staff.
- **BARRIER:** Timeline to recruit/hire all requisite staff (EST 90 days).
- **POPULATION SERVED OPTIONS:**
 - A)** Transfer Civil patients who have been designated as ready for Discharge (**18** as of 12/9/18) from the Salem Campus and convert Salem unit to .370 unit (.370 Capacity increases to 262).
 - Option would disrupt existing linkages that patients have with treatment providers and potentially extend LOS.
 - B)** Transfer .370 patients who no longer meet HLOC criteria (**15** as of 12/9/18) to new Junction City unit (.370 capacity increases based on # of .370 patients that don't meet HLOC criteria).
 - Option would disrupt existing linkages that patients have with treatment providers and potentially extend LOS.
 - C)** Combine patient transfer options in A and B categories, prioritizing .370 patients (.370 capacity increases based on # of .370 patients that don't meet HLOC criteria).

From: [MACDONALD Thomas * DAS](#)
To: [EDLUND Tina * GOV](#)
Subject: FW: aid and assist
Date: Wednesday, December 12, 2018 8:51:49 AM

Fyi

From: Heiberg Holly [mailto:holly.heiberg@state.or.us]
Sent: Tuesday, December 11, 2018 6:19 PM
To: AMES Linda L <Linda.L.Ames@state.or.us>; To Kim <Kim.To@oregonlegislature.gov>;
MACDONALD Thomas * DAS <Thomas.MACDONALD@oregon.gov>
Cc: DOLPH ANNALIESE <ANNALIESE.DOLPH@state.or.us>; JAGGER Dawn
<Dawn.Jagger@state.or.us>; EVANS JANELL R <janell.r.evans@state.or.us>; STAPLES Roger
<roger.staples@state.or.us>
Subject: aid and assist

Hello Linda, Kim and Tom

When I spoke with Linda earlier today, I told her I would share draft talking points on the community option to address the growing demand on the state hospital for .370 patients. Our community partners have been very busy over the last couple of days helping to shape a more tangible short-term solution, that paves the way for us to improve the system more sustainably in mid and long run. We have made a lot of progress and are on the road to bring online potentially 35 additional beds between Multnomah and Lane counties for .370 over the next couple of months.

- In Oregon, when someone is accused of a crime, and they can't participate in their trial due to the severity of their mental illness, the judge can order them to receive restoration services – most often at Oregon State Hospital.
- The purpose is for the defendant to be “restored to competency” so they can “aid and assist” in their own defense (in other words, cooperate with their attorney and understand the legal proceedings).
- This population is called both Aid & Assist or “.370” after Oregon Statute ORS 161.370 that governs the process.
- Since 2012, Oregon has experienced a sharp increase in the number of people under Aid and Assist commitments, the burden of which has fallen on the hospital with the average daily population more than doubling in the last five years (average was 100 in 2012, today's census is 255)
- Over the years, the hospital has gradually converted more and more capacity to serve this population, most recently converting a 26-bed unit on the Salem Campus from the Civil Commitment population to Aid and Assist for a total of 236 beds allocated to Aid and Assist patients.
- There is no one root cause that we can point to as the reason for the influx of patients under .370 orders. It is often related to a lack of community resources or a lack of coordination between health care providers, the

courts and law enforcement, where police arrest people who are noticeably mentally ill for low-level crimes in the hopes that they receive the needed services and treatment at OSH on .370 order.

- More than 40% of the patients under Aid and Assist orders at OSH are only charged with misdemeanors. Some of these 370 individuals who come to the State Hospital do not need hospital-level of care.
- This is a national problem. Several states, including Washington, Colorado, and Utah, have been sued because they have not been able to admit their own Aid and Assist populations in a timely manner.
- Similarly, Oregon was sued in 2002, which resulted in the United States District Court Mink Order, which requires OSH to admit defendants within seven days of the date the judge signs the court order. This means that patients under Aid & Assist orders take precedence over any other type of admissions to the state hospital.
- Placing these types of individuals in the hospital does not serve the patient well. Hospitalization removes people from their support systems like friends and family. They may lose their apartment, their jobs or their pets. Instead of putting people in the hospital who don't belong there, we should be doing everything we can to provide services where they need them most – their own communities.
- Additionally, treating these types of people at the State Hospital is an inefficient use of state dollars. At roughly \$1300 per day, hospital beds should be reserved only for those who need hospital-level care. There are community based restorative treatment options that can keep patients in their communities and effectively restore them to competency.
- Since 2013, the Oregon Health Authority has been working with community partners to address the statewide need for alternative services in the community, such as crisis centers, assertive community treatment teams and mobile crisis teams.
- While there have been investments in these services and community restoration programs, the Aid and Assist population continues to rise at Oregon State Hospital. Even after adding the additional 26 beds last month, the hospital currently has 19 more patients under Aid and Assist orders than it has designated beds. Twelve more are waiting to be admitted with the clock ticking.
- When this happens, the hospital places patients on units not designed to meet their treatment needs. This also forces the hospital to move patients who are more ill onto units that are designed to serve patients who are more stable, which in turn can lead to other complications.
- The Oregon Health Authority is working on several Legislative Concepts that will help address this issue in the long run and has been meeting with stakeholders for the past several months. However, this does not solve the immediate problem where one point in the continuum is bearing the brunt

of a system-wide issue.

- In October, OHA submitted a budget request to open a fifth 25-bed unit on the Junction City campus so the hospital can restore the capacity to serve the civil population that it lost when it converted the last unit to serve Aid & Assist.
- After careful consideration and work with community partners, we believe the best course of action right now is to focus on fast-acting solutions that will alleviate the immediate pressure on the state hospital.
- At this time, we are recommending investing in the community mental health system, specifically those counties which are sending patients to the state hospital at a higher per-capita rate – Multnomah, Lane and Coos.
- Multnomah County has already stated in writing to the LFO that they are prepared to operate 11 beds at the secure residential treatment facility level to provide restoration services, as well as increase forensic evaluation capacity.
- With additional funding, Lane County could increase their pre-hospitalization diversion on the front end, possibly including leasing two cottages on the Junction City campus for a total of 16 SRTF beds, and an additional 8 as an option for a step-down level of care.
- We are working with Coos County to increase collaboration between the community mental health program and the courts and jails.
- OHA believes that it is the best short-term solution, offering the treatment where it is most needed and diverting people away from the hospital who don't need to be there.

Holly Heiberg
Government Relations Director
Oregon Health Authority
(971)-207-7767

From: [HEIBERG HOLLY](#)
To: [EDLUND Tina * GOV](#); [ROMAN Linda * GOV](#)
Cc: [JAGGER Dawn](#)
Subject: OSH talking points
Date: Thursday, December 13, 2018 4:00:02 PM

Talking Points – Joint E-Board Subcommittee on Human Services

Wednesday, December 12, 12 p.m. – Oregon’s Aid & Assist Population

- In Oregon, when someone is accused of a crime, and they can’t participate in their trial due to the severity of their mental illness, the judge can order them to receive restoration services – most often at Oregon State Hospital.
- The purpose is for the defendant to be “restored to competency” so they can “aid and assist” in their own defense (in other words, cooperate with their attorney and understand the legal proceedings).
- This population is called both Aid & Assist or “.370” after Oregon Statute ORS 161.370 that governs the process.
- Since 2012, Oregon has experienced a sharp increase in the number of people under Aid and Assist commitments, the burden of which has fallen on the hospital with the average daily population more than doubling in the last five years (average was 109 in 2012, today’s census is 255).
- Over the years, the hospital has gradually converted more and more capacity to serve this population, most recently converting a 26-bed unit on the Salem Campus from the Civil Commitment population to Aid and Assist for a total of 236 beds allocated to Aid and Assist patients.
- There is no one root cause that we can point to as the reason for the influx of patients under .370 orders. It is often related to a lack of community resources or a lack of coordination between health care providers, the courts and law enforcement, where police arrest people who are noticeably mentally ill for low-level crimes in the hopes that they receive the needed services and treatment at OSH on .370 order.

40% of the patients admitted under Aid and Assist orders at OSH in 2018 were only charged with misdemeanors, and 60% had at least one felony charge.

-
- This is a national problem. Several states, including Washington, Colorado, and Utah, have been sued because they have not been able to admit their own Aid and Assist populations in a timely manner.
- Similarly, Oregon was sued in 2002, which resulted in the United States District Court

Mink Order, which requires OSH to admit defendants within seven days of the date the judge signs the court order. As OSH converted bed capacity to meet this requirement, the admission of Civil patients slowed as the hospital converted beds.

-

- Hospitalization removes people from their support systems like friends and family. They may lose their apartment, their jobs or their pets. When HLOC services are not required, we should be doing everything we can to provide services in local communities.

- Hospital beds should be reserved only for those who need hospital-level care. There are community based restorative treatment options that can keep individuals in their communities and effectively restore them to competency.

- Since 2013, the Oregon Health Authority has been working with community partners to address the statewide need for alternative services in the community, such as crisis centers, assertive community treatment teams and mobile crisis teams.

- While there have been investments in these services and community restoration programs, the Aid and Assist population continues to rise at Oregon State Hospital. Even after adding the additional 26 beds last month, the hospital currently has 19 more patients under Aid and Assist orders than it has designated beds. An additional twelve people are in jail awaiting admission under .370 orders, and fifteen people are in jail awaiting admission under .365 30-day evaluation orders.

- When designated capacity at OSH is exceeded, the hospital places patients on units not specifically designed to meet their treatment needs. This also forces the hospital to move patients who are more ill onto units that are designed to serve patients who are more stable, which in turn can lead to other complications.

- The Oregon Health Authority is working on several Legislative Concepts that will help address this issue and has been meeting with stakeholders for the past several months. However, this does not solve the immediate problem where one point in the continuum is bearing the brunt of a system-wide issue.

- In October, OHA submitted a budget request to open a fifth 25-bed unit on the Junction City campus so the hospital can maintain its ability to use its beds to meet changing patient needs.

- After careful consideration and work with community partners, we believe the best course of action right now is to focus on fast-acting solutions that will alleviate the immediate pressure on the state hospital.

- At this time, we are recommending investing in the community mental health system, specifically those counties which are sending patients to the state hospital at a higher per-capita rate – Multnomah, Lane and Coos.
- Multnomah County has already stated in writing to the LFO that they are prepared to operate 11 beds at STP facility level to provide restoration services, as well as increase forensic evaluation capacity.
- With additional funding, Lane County could increase their pre-hospitalization diversion on the front end, possibly including leasing two cottages on the Junction City campus for a total of 16 beds at Secured Treatment Residential Facility level, and 8 additional beds in a separate cottage at a step-down level.
- We are working with Coos County to increase collaboration between the community mental health program and the courts and jails.
- OHA believes that it is the best short-term solution, offering the treatment where it is most needed.

Back pocket info.

Increasing .370 bed capacity

- 2010 – 114 beds
- 2015 – Increased to 184
- 2016 – Increased to 210
- 2018 – Increased to 236

Mink

In May 2002, United States District Court Judge Owen Panner issued OAC v. Mink (Mink). Since then, Oregon State Hospital (OSH) has worked to comply with the terms of the order to admit defendants within seven days of the signing of the court order.

So far, OSH has not been taken to court for a violation. We have met the 7-day requirement 90% of the time. During October 2018, we exceeded the requirement multiple times with at the longest wait at 18 days. The outliers are usually because of 1) a gap between a signed order and OSH receiving the order or 2) the county was unable to transport.

ADP vs Census

The average daily population (ADP) refers to the average census over a time period and is calculated by dividing the sum total of patient “days” served by the number of calendar days in the period. The census count is simply a snapshot of what the current census is at the time the data are collected. Using ADP over a census count allows us to account for any daily

census fluctuations that might occur over a time period.

Hospital Level of Care

The highest intensity of medical and nursing services provided within a structured environment providing 24-hour skilled nursing and medical care. Full and immediate access to ancillary medical care must be available for those programs not housed within general medical centers.

Average Cost of Care

Total cost of running the hospital divided by patient days for a fiscal year. Includes all direct and indirect costs associated with taking care of a patient, from treatment planning, medicines and therapy to food, utilities and maintenance.

Why all beds aren't full

The hospital keeps some beds open so it can move patients around the hospital to the place that will best meet their therapeutic or safety needs – e.g., they may need to move because of a poor fit with the milieu or need a single room for safety reasons. Best practice is 85% capacity. Research indicates that safety for patients and staff is decreased when bed capacity is above 85%. OSH is currently at 92% capacity.

Holly Heiberg
Government Relations
Oregon Health Authority
(971)-207-7767

From: [Bob Joondeph](#)
To: [EDLUND Tina * GOV](#)
Subject: Meeting
Date: Tuesday, December 18, 2018 5:02:35 PM

Hi Tina,
I'd like to set up an appointment to talk about Aid and Assist and any other issues of mutual interest. How do I proceed?
Thanks,
Bob

--

Bob Joondeph
Executive Director

Disability Rights Oregon
Phone: [503.243.2081 ext. 210](tel:503.243.2081)
Mobile: [503.502.1967](tel:503.502.1967)
Email: bob@droregon.org

**Celebrating 40
Years of Civil
Rights Advocacy**

New Address: [511 SW 10th Ave, Suite 200, Portland, OR 97205.](#)

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From: [EDLUND Tina * GOV](#)
To: [Bob Joondeph](#); [BENSON Coline * GOV](#)
Subject: Re: Meeting
Date: Tuesday, December 18, 2018 5:08:50 PM

I'm copying Coline, who can set up time for us—it'll have to be after the holidays—I'm taking a couple weeks off!

Coline, either Portland or Salem. In person.

Hope you are getting some time off!

Tina Edlund
(503) 781-7179

On Dec 18, 2018, at 5:02 PM, Bob Joondeph <bob@droregon.org> wrote:

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From: [Bob Joondeph](#)
To: [EDLUND Tina * GOV](#)
Subject: Re: Meeting
Date: Tuesday, December 18, 2018 5:12:33 PM

Perfect.
Have a great holiday!

On Tue, Dec 18, 2018 at 5:08 PM EDLUND Tina * GOV <Tina.EDLUND@oregon.gov> wrote:

I'm copying Coline, who can set up time for us—it'll have to be after the holidays—I'm taking a couple weeks off!

Coline, either Portland or Salem. In person.

Hope you are getting some time off!

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| the sender by e-mail. Thank you.

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Bob Joondeph
Executive Director

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From: [ALLEN Patrick](#)
To: [EDLUND Tina * GOV](#); [ROMAN Linda * GOV](#); [MOAWAD Heidi * GOV](#)
Subject: Fwd: OSH DRO Weekly .370 Census Update_20181221
Date: Saturday, December 22, 2018 10:24:50 AM
Attachments: [RCP Tracking Sheet 20181221.xlsx](#)
[ATT00001.htm](#)

.370 update, FYI.

Pat.

Sent from my iPhone

Begin forwarded message:

From: "Matteucci Dolores (Dolly)" <DOLORES.MATTEUCCI@dhsosha.state.or.us>
Date: December 22, 2018 at 10:14:42 AM PST
To: Jagger Dawn A <Dawn.Jagger@dhsosha.state.or.us>
Cc: Dolph Annaliese <ANNALIESE.DOLPH@state.or.us>, JAGGER Dawn <Dawn.Jagger@state.or.us>, Heiberg Holly <HOLLY.HEIBERG@dhsosha.state.or.us>, Kautz Kristine M <KRISTINE.M.KAUTZ@dhsosha.state.or.us>, Allen Patrick <Patrick.Allen@dhsosha.state.or.us>, Cowie Robb <ROBB.COWIE@dhsosha.state.or.us>
Subject: RE: OSH DRO Weekly .370 Census Update_20181221

Dawn,
Attached is the RCP list as of yesterday, 12/21. Back up to 15.

From: Jagger Dawn A
Sent: Saturday, December 22, 2018 10:09 AM
To: Matteucci Dolores (Dolly) <DOLORES.MATTEUCCI@dhsosha.state.or.us>
Cc: Dolph Annaliese <ANNALIESE.DOLPH@state.or.us>; JAGGER Dawn <Dawn.Jagger@state.or.us>; Heiberg Holly <HOLLY.HEIBERG@dhsosha.state.or.us>; Kautz Kristine M <KRISTINE.M.KAUTZ@dhsosha.state.or.us>; Allen Patrick <Patrick.Allen@dhsosha.state.or.us>; Cowie Robb <ROBB.COWIE@dhsosha.state.or.us>
Subject: Re: OSH DRO Weekly .370 Census Update_20181221

Has our number of folks ready to be discharged but awaiting transfer also increased or is it still close to twelve? (I know that number is substantially outpaced by the number of referrals).

Dawn Jagger
Chief of Staff
Oregon Health Authority
Mobile: 503/884-6411

On Dec 22, 2018, at 8:55 AM, Matteucci Dolores (Dolly) <dolores.matteucci@state.or.us> wrote:

Hello,
Sharing the weekly report to DRO as an update for all.

Thank you,
Dolly

From: WEHR Derek
Sent: Friday, December 21, 2018 12:50 PM
To: Sarah Radcliffe <sradcliffe@droregon.org>
Cc: Matteucci Dolores (Dolly) <DOLORES.MATTEUCCI@dhsosha.state.or.us>
Subject: OSH DRO Weekly .370 Census Update_20181221

Good afternoon Sarah,

This week OSH reached another new record number of patients served under the .370 statute (**261 total**). Our nine units that are designated to serve this population

(236 beds total) have all reached maximum capacity with no open beds at this time. This week, our Admissions Office and Program Executive Teams worked together to transfer three of our patients being served under the .370 statute that have been approved by their treatment teams as “Ready for Community Placement” to open GEI, Hospital Level of Care beds. Next week we will transfer an additional three “Ready for Community Placement” patients to open GEI beds.

**With the completion of transferring a total of six patients being served under the .370 statute to our remaining open GEI beds next week and all beds (236) on our nine designated units at maximum capacity, it is likely that OSH will be in violation of the 7-day Mink order admission requirement if .370 demand continues.

The table below depicts our Aid and Assist orders and scheduled admissions since 11/27/2018.

- The rows highlighted in green are patients that have been admitted to OSH or are scheduled for admission.
- The rows highlighted in yellow are patients that have not yet been scheduled for admission.

County	Order Signed	Order Received	# of Days from Rec'd	Admit Date	From signature	Comments
Multnomah	11/27/2018	11/28/2018	1	12/3/2018	6	
Multnomah	11/27/2018	11/28/2018	1	12/3/2018	6	
Lane (Muni)	11/28/2018	11/28/2018	0	12/4/2018	6	
Douglas	11/27/2018	11/27/2018	0	12/4/2018	7	
Umatilla	11/20/2018	11/28/2018	8	12/4/2018	14	Bed offered sooner.
Douglas	11/28/2018	11/28/2018	0	12/4/2018	6	
Coos	11/28/2018	11/29/2018	1	12/4/2018	6	
Polk	11/27/2018	11/30/2018	3	12/4/2018	7	
Polk	11/28/2018	11/30/2018	2	12/5/2018	7	
Polk	11/28/2018	11/30/2018	2	12/5/2018	7	
Lane	11/29/2018	11/29/2018	0	12/6/2018	7	
Tillamook	11/29/2018	11/30/2018	1	12/6/2018	7	
Lincoln	11/28/2018	11/29/2018	1	12/6/2018	8	Bed offered sooner.
Lane	11/30/2018	11/30/2018	0	12/6/2018	6	
Clatsop	11/30/2018	12/3/2018	3	12/6/2018	6	
Clackamas	12/3/2018	12/4/2018	1	12/6/2018	3	Sell order.

Jackson	11/27/2018	11/28/2018	1	12/7/2018	10	Bed offered sooner.
Jackson	11/30/2018	12/4/2018	4	12/7/2018	7	
Linn	11/30/2018	12/4/2018	4	12/7/2018	7	
Washington	11/30/2018	11/30/2018	0	12/7/2018	7	
Curry	12/3/2018	12/4/2018	1	12/10/2018	7	
Curry	12/3/2018	12/4/2018	1	12/10/2018	7	
Washington	12/03/18	12/4/2018	1	12/11/2018	8	Bed offered sooner.
Multnomah	12/04/18	12/6/2018	2	12/11/2018	7	
Benton	12/04/18	12/10/2018	6	12/12/2018	8	Amended order.
Benton	12/05/18	12/6/2018	1	12/12/2018	7	
Coos	12/04/18	12/5/2018	1	12/13/2018	9	
Coos	12/04/18	12/5/2018	1	12/13/2018	9	
Douglas	12/05/18	12/6/2018	1	12/13/2018	8	
Marion	12/06/18	12/7/2018	1	12/14/2018	8	
Lane	12/07/18	12/7/2018	0	12/14/2018	7	
Lane	12/07/18	12/7/2018	0	12/14/2018	7	
Tillamook	12/07/18	12/10/2018	3	12/14/2018	7	
Coos	12/08/18	12/11/2018	3	12/14/2018	6	
Lincoln	12/10/18	12/11/2018	1	Pending for 12/17		Out of custody being transported by family. Waiting for transport confirmation.
Multnomah	12/11/18	12/12/2018	1	12/17/2018	6	
Umatilla	12/05/18	12/7/2018	2	12/18/2018	13	Bed offered sooner.
Josephine	12/06/18	12/10/2018	4	12/18/2018	12	Bed offered sooner.
Multnomah	12/11/18	12/12/2018	1	12/18/2018	7	
Multnomah	12/11/18	12/12/2018	1	12/18/2018	7	
Multnomah	12/11/18	12/12/2018	1	12/18/2018	7	
Multnomah	12/11/18	12/12/2018	1	12/18/2018	7	
Lane (Muni- City of Springfield)	12/12/18	12/12/2018	0	12/20/2018	8	Bed offered sooner.
Lincoln	12/11/18	12/14/2018	3	12/20/2018	9	Bed offered sooner.
Washington	12/13/18	12/17/2018	4	12/20/2018	7	
Multnomah	12/13/18	12/18/2018	5	12/20/2018	7	
Washington	12/13/18	12/17/2018	4	12/21/2018	8	Bed offered sooner.
Coos	12/17/18	12/18/2018	1	12/21/2018	4	
Lane	12/17/18	12/17/2018	0	12/21/2018	4	
Multnomah	12/19/18	12/19/2018	0	12/21/2018	2	
Multnomah	12/18/18	12/19/2018	1	12/24/2018	6	
Multnomah	12/18/18	12/19/2018	1	12/24/2018	6	

Marion	12/18/18	12/19/2018	1	12/24/2018	6	
Lane	12/19/18	12/20/2018	1			
Washington	12/19/18	12/19/2018	0			
Lincoln	12/19/18	12/19/2018	0			
Yamhill	12/20/18	12/20/2018	0			
Coos	12/20/18	12/20/2018	0			
Lincoln	12/10/18	12/11/2018	1			

Sarah I will continue to update you each week and please feel free to contact me at any time if you have questions or concerns.

Derek

Derek Wehr | Deputy Superintendent

OREGON STATE HOSPITAL | Desk: 503.945.7771 | Cell: 503.569-6076
 Email: derek.wehr@state.or.us | Web: osh.oregon.gov

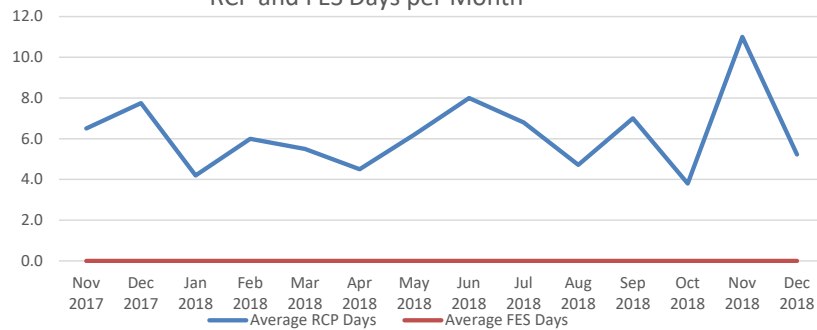
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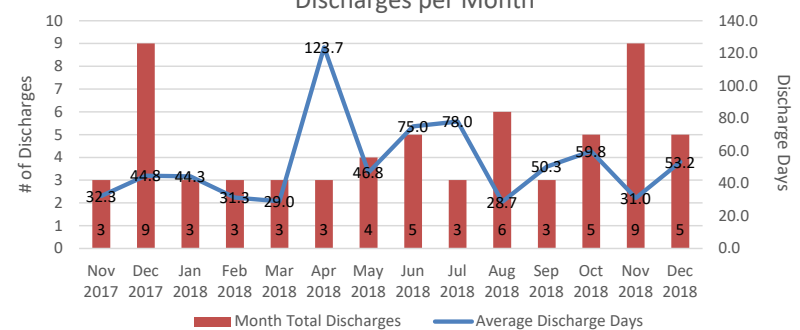
.370 PATIENTS DESIGNATED COMMUNITY PLACEMENT READY

County	Name	Unit	Avatar	Misd.	Felony	RCP/ FES	PET RCP Date	Notification to Court	Court Signed Date	Discharge Date	Internal: # of Days	Discharge: Total Days	Pending to Discharge: Total Days
Coos		LF2	86256	C		RCP	02/09/18	02/15/18			6		532
Klamath		TR2	80426		C	RCP	08/03/18	08/10/18			7		357
Washington		BD1	86725	A		RCP	08/23/18	08/24/18			1		337
Coos		LF2	86256	A		RCP	08/31/18	09/14/18			14		329
Marion		FW3	86721	A		RCP	09/20/18	09/24/18			4		309
Coos		LF2	83535	A		RCP	10/02/18	10/04/18			2		297
Jackson		TR3	86872	A		RCP	10/25/18	10/29/18			4		274
Multnomah		LF2	87040	A		RCP	12/04/18	12/07/18			3		234
Multnomah		TR3	83616	A		RCP	12/04/18	12/07/18			3		234
Washington		TR3	84700	A		RCP	12/04/18	12/07/18			3		234
Washington		FW3	83875	A		RCP	12/06/18	12/14/18			8		232
Washington		BD1	86983	A		RCP	12/11/18	12/17/18			6		227
Lane		TR1	86240	A		RCP	12/11/18	12/17/18			6		227
Curry		TR1	87173	A		RCP	12/11/18	12/17/18			6		227
Washington		TR3	86934	A		RCP	12/18/18				#VALUE!		

RCP and FES Days per Month



Discharges per Month



From: [HEIBERG HOLLY](#)
To: [EDLUND Tina * GOV](#)
Subject: State hospital/.370 talking points for Governor
Date: Wednesday, February 6, 2019 5:23:10 PM
Attachments: [2019_02-06 DRAFT Gov Talking Points re Aid Assist v.3.docx](#)
[ATT00001.htm](#)

Please see attached.

Holly Heiberg
Government Relations
Oregon Health Authority
(971)-207-7767

Talking Points – Oregon’s Aid & Assist Population

- In Oregon, when someone is accused of a crime, and they can’t participate in their trial due to the severity of their mental illness, the judge can order them to receive restoration services – most often at Oregon State Hospital.
- The purpose is for the defendant to be “restored to competency” so they can “aid and assist” in their own defense, which is a constitutional right.
- This population is called both Aid & Assist or “.370” after Oregon Statute ORS 161.370 that governs the process.
- Since 2012, Oregon has experienced a sharp increase in the number of people under Aid and Assist commitments, the burden of which has fallen on the hospital.
- Over the years, the hospital has gradually converted more and more capacity to serve this population, most recently converting a 26-bed unit on the Salem Campus from Civil to Aid and Assist for a total of 236 beds allocated to the “aid and assist” population.
- There is no one root cause that we can point to as the reason for the influx of patients under .370 orders. Overall, the problem relates to the issue called, “criminalization of the mentally ill,” where police arrest people who are noticeably mentally ill for low-level crimes in the hopes that they receive the needed services and treatment at OSH on .370 order.
- This is a national problem. A number of states, including Washington, Colorado, and Utah, have been sued because they have not been able to admit their own Aid and Assist populations in a timely manner.
- Similarly, Oregon was sued in 2002, which resulted in the United States District Court “Mink” Order, which requires OSH to admit defendants within seven days of the date the judge signs the court order. This means that patients under Aid & Assist orders take precedence over any other type of admissions to the state hospital.
- This is an inefficient use of state dollars. At roughly \$1300 per day, hospital beds should be reserved only for those who need hospital-level care. Unfortunately, some people come to OSH who have a highest of offense of littering or public nuisance, and 40% of OSH’s “aid and assist” patients are only charged with misdemeanors.

- It also doesn't serve the patient well. Hospitalization removes people from their support systems like friends and family. They may lose their apartment, their jobs or their pets. Instead of putting people in the hospital who don't belong there, we should be doing everything we can to provide services where they need them most – their own communities.
- Since 2013, the Oregon Health Authority has also been working with community partners to address the statewide need for alternative services in the community, such as crisis centers, assertive community treatment teams and mobile crisis teams.
- While there have been investments in these services and community restoration programs, the Aid and Assist population continues to rise at Oregon State Hospital. Even after adding the additional 26 beds in October, the hospital currently has 23 more patients under Aid and Assist orders than it has designated beds.
- When this happens, the hospital places patients on units not designed to meet their treatment needs. This also forces the hospital to move patients who are more ill onto units that are designed to serve patients who are more stable, which in turn can lead to other complications.
- OHA and OSH have been meeting with stakeholders for the past several months to develop legislation and funding to serve misdemeanants in the community instead of the state hospital.
- Bills like SB 24 and 25 will help address this issue in the long run. However, this effort does not solve the immediate problem where one point in the continuum is bearing the brunt of a system-wide issue.
- We will only solve this problem by bringing together stakeholders in each community – law enforcement, judges, DAs and defense attorneys, city and county governments and community mental health programs – to offer treatment where it is most needed and divert people away from the hospital who don't need to be there.

From: [EDLUND Tina * GOV](#)
To: [KONDAYEN Kate * GOV](#)
Subject: FW: State hospital/.370 talking points for Governor
Date: Thursday, February 7, 2019 6:29:49 AM
Attachments: [SB 24 and 25 Summaries.docx](#)
[2019_02-06 DRAFT Gov Talking Points re Aid Assist v.3.docx](#)

Kate,

A couple things are attached. First, the bullet points below summarize the two pieces of OHA proposed legislation about the state hospital and .370 admissions. Probably not specifically what you need for today, but important background on those two pieces and what we are trying to accomplish —namely encouraging care in the community mental health programs rather than a hospital level of care if the patient doesn't need a hospital level. I don't think you need the attached summaries, but, just in case you want more, they are attached.

Second, the DRAFT talking points about this issue are attached. I yellow-highlighted what I think are the most salient points for the Governor.

T

From: Dolph Annaliese <ANNALIESE.DOLPH@state.or.us>
Sent: Wednesday, February 6, 2019 9:43 PM
To: HEIBERG HOLLY <holly.heiberg@state.or.us>
Cc: EDLUND Tina * GOV <Tina.EDLUND@state.or.us>
Subject: RE: State hospital/.370 talking points for Governor

See attached summaries.

High level summary of each bill:

- SB 24 does several things to reduce the census at OSH and encourage the treatment of defendants in the community when appropriate, including adding a requirement to the .370 statute to include a community mental health program (CMHP) consult requirement; and requiring defendants charged with only municipal violations or misdemeanors to be treated in the community unless a certified evaluator or the CMHP determines that the defendant needs a hospital level of care due to their dangerousness or the acuity of their symptoms.
- In addition to the increasing number of patients committed to OSH under ORS 161.365 and 161.370, the number of court-ordered evaluations is also at a record high. The Oregon State Hospital Forensic Evaluation Service (FES) conducts most of these court-ordered evaluations. Through SB 25, OSH has identified several fixes that will enable FES to be more efficient and better able to serve stakeholders and patients, including a standardized procedure to send court orders to OSH; facilitating the transfer of records; and the electronic filing of evaluations.

Annaliese Dolph
503-269-8694

From: Heiberg Holly

Sent: Wednesday, February 6, 2019 9:30 PM

To: Dolph Annaliese <ANNALIESE.DOLPH@dhsosha.state.or.us>

Subject: Fwd: State hospital/.370 talking points for Governor

Can you please send first thing in morning?

Holly Heiberg
Government Relations
Oregon Health Authority
(971)-207-7767

Begin forwarded message:

From: EDLUND Tina * GOV <Tina.EDLUND@oregon.gov>

Date: February 6, 2019 at 8:40:55 PM PST

To: HEIBERG HOLLY <holly.heiberg@state.or.us>

Subject: RE: State hospital/.370 talking points for Governor

Thanks Holly. This is great. Can I also get a few bullet points on what the legislation actually does and doesn't do? Thanks, T

From: Heiberg Holly <holly.heiberg@state.or.us>

Sent: Wednesday, February 6, 2019 5:23 PM

To: EDLUND Tina * GOV <Tina.EDLUND@oregon.gov>

Subject: State hospital/.370 talking points for Governor

Please see attached.

Holly Heiberg
Government Relations
Oregon Health Authority
(971)-207-7767



OHA Proposed Legislation to Address Rising Population of .370 Patients Served at the Oregon State Hospital

The number of patients committed by courts under ORS 161.365 and 161.370 is at record highs, effecting the ability of the Oregon State Hospital (“OSH”) to admit these patients within 7 days as required by a federal court order.

SB 24

SB 24 does several things to reduce the census at OSH and encourage the treatment of defendants in the community when appropriate:

- Amends ORS 161.370 to include a community mental health program (CMHP) consult requirement in .370. Adding this consultation in .370 would facilitate the referral of patients to the community.
- Amends ORS 161.370 to require defendants charged with only municipal violations to be treated in the community unless a certified evaluator or the CMHP determines that the defendant needs a hospital level of care due to their dangerousness or the acuity of their symptoms.
- Amends ORS 161.370 to require misdemeanor patients to be treated in the community, unless a certified evaluator or the CMHP determine that the misdemeanor needs a hospital level of care. Since 2012, the percentage of .370/.365 patients admitted to OSH with charges no higher than a misdemeanor has been, consistently, 40%.
- Amends ORS 161.315 and 161.365 to make explicit that evaluatees sent to OSH under .315 and .365 are to be evaluated in a 1-day evaluation. After this evaluation, at the hospital’s discretion, evaluatees will either be returned to the sending institution (typically jail) or will be hospitalized for up to 30 days. Further, for evaluatees kept in the hospital, we propose that the statute explicitly authorize treatment. Currently, courts are interpreting the statute to mean a 30-day stay. Additionally, because the statute does not explicitly authorize treatment, delivery of treatment can be delayed until a separate court order authorizes it.
- Amends the statutes to explicitly state that any evaluation reports filed with a court must be shared with the applicable CMHP.
- Amends ORS 161.370 to make clear .370 patients charged with lesser offenses must receive credit for time they spent in jail before they are committed to OSH. This was the Legislature’s intention with HB 2308 (2017), but a judge has interpreted the statute to only apply after OSH has sent a .370 patient back to jail.

SB 25

- In addition to the increasing number of patients committed to OSH under ORS 161.365 and 161.370, the number of court-ordered evaluations is also at a record high. The Oregon State Hospital Forensic Evaluation Service (FES) conducts most of these court-ordered evaluations.
- OSH has identified several fixes that will enable FES to be more efficient and better able to serve stakeholders and patients:
 - Courts do not have a standardized procedure to send orders to OSH, resulting in missed orders (orders that are never received at OSH) or delayed orders (orders that are received by OSH weeks or months after the order date). This results in some defendants not being admitted or evaluated within the expected timeframe. SB 25 would amend ORS 161.365 and ORS 161.370 to make explicit the court's responsibility to ensure that the order is sent to OSH within one judicial day.
 - Evaluators benefit from access to extensive records in order to render informed opinions. However, many organizations and people refuse to provide records to FES without a signed release of information (ROI), even when explicitly authorized by a court order. Obtaining ROIs from defendants is time-consuming and many defendants refuse to sign releases. SB 25 proposes to amend the statutes to explicitly require that records be shared with the evaluator.
 - The statutes contain either vague or outdated language regarding how the evaluations may be provided to the court and parties. SB 25 amends the statutes to permit OSH to file its evaluations electronically in the Judicial Department's electronic system.

Talking Points – Oregon’s Aid & Assist Population

- In Oregon, when someone is accused of a crime, and they can’t participate in their trial due to the severity of their mental illness, the judge can order them to receive restoration services – most often at Oregon State Hospital.
- The purpose is for the defendant to be “restored to competency” so they can “aid and assist” in their own defense, which is a constitutional right.
- This population is called both Aid & Assist or “.370” after Oregon Statute ORS 161.370 that governs the process.
- Since 2012, Oregon has experienced a sharp increase in the number of people under Aid and Assist commitments, the burden of which has fallen on the hospital.
- Over the years, the hospital has gradually converted more and more capacity to serve this population, most recently converting a 26-bed unit on the Salem Campus from Civil to Aid and Assist for a total of 236 beds allocated to the “aid and assist” population.
- There is no one root cause that we can point to as the reason for the influx of patients under .370 orders. Overall, the problem relates to the issue called, “criminalization of the mentally ill,” where police arrest people who are noticeably mentally ill for low-level crimes in the hopes that they receive the needed services and treatment at OSH on .370 order.
- This is a national problem. A number of states, including Washington, Colorado, and Utah, have been sued because they have not been able to admit their own Aid and Assist populations in a timely manner.
- Similarly, Oregon was sued in 2002, which resulted in the United States District Court “Mink” Order, which requires OSH to admit defendants within seven days of the date the judge signs the court order. This means that patients under Aid & Assist orders take precedence over any other type of admissions to the state hospital.
- This is an inefficient use of state dollars. At roughly \$1300 per day, hospital beds should be reserved only for those who need hospital-level care. Unfortunately, some people come to OSH who have a highest of offense of littering or public nuisance, and 40% of OSH’s “aid and assist” patients are only charged with misdemeanors.

- It also doesn't serve the patient well. Hospitalization removes people from their support systems like friends and family. They may lose their apartment, their jobs or their pets. Instead of putting people in the hospital who don't belong there, we should be doing everything we can to provide services where they need them most – their own communities.
- Since 2013, the Oregon Health Authority has also been working with community partners to address the statewide need for alternative services in the community, such as crisis centers, assertive community treatment teams and mobile crisis teams.
- While there have been investments in these services and community restoration programs, the Aid and Assist population continues to rise at Oregon State Hospital. Even after adding the additional 26 beds in October, the hospital currently has 23 more patients under Aid and Assist orders than it has designated beds.
- When this happens, the hospital places patients on units not designed to meet their treatment needs. This also forces the hospital to move patients who are more ill onto units that are designed to serve patients who are more stable, which in turn can lead to other complications.
- OHA and OSH have been meeting with stakeholders for the past several months to develop legislation and funding to serve misdemeanants in the community instead of the state hospital.
- Bills like SB 24 and 25 will help address this issue in the long run. However, this effort does not solve the immediate problem where one point in the continuum is bearing the brunt of a system-wide issue.
- We will only solve this problem by bringing together stakeholders in each community – law enforcement, judges, DAs and defense attorneys, city and county governments and community mental health programs – to offer treatment where it is most needed and divert people away from the hospital who don't need to be there.

From: [MORAWSKI Lisa M * GOV](#)
To: [EDLUND Tina * GOV](#)
Subject: FW: request for comment: Speedy admission to Oregon State Hospital
Date: Thursday, February 21, 2019 10:23:15 AM
Attachments: [image001.png](#)

Tina,
Can you take a look at this and give me a call?
Thanks,
Lisa

Lisa Morawski
Interim Press Secretary
Office of Governor Kate Brown
Mobile: 503-569-2482

From: KONDAYEN Kate * GOV <Kate.KONDAYEN@oregon.gov>
Date: Thursday, February 21, 2019 at 9:03 AM
To: MORAWSKI Lisa M * GOV <Lisa.M.Morawski@oregon.gov>
Subject: FW: request for comment: Speedy admission to Oregon State Hospital

From: Gordon Friedman <GFriedman@oregonian.com>
Date: Wednesday, February 20, 2019 at 12:25 PM
To: KONDAYEN Kate * GOV <Kate.KONDAYEN@oregon.gov>
Subject: request for comment: Speedy admission to Oregon State Hospital

Hi Kate,

Hope I'm emailing the right person here... I'm preparing a story for Sunday's paper that will report the state of Oregon regularly violates the civil rights of mentally ill defendants by failing to admit them to the Oregon State Hospital within prescribed timelines. (See *Oregon Advocacy Center v. Mink*.) Data provided by OSH shows there were at least 207 violating (e.g. late) admissions since 1/1/2018, and 59 of those defendants were charged with misdemeanors.

Would the governor care to comment? I also have a few specific questions:

- Does the governor view it as important that the state of Oregon does not violate the civil rights of mentally ill people charged with crimes?
- If so, what will she do to ensure the state complies with laws and court orders (e.g. *Mink*) meant to protect those peoples' civil rights?

My deadline is close of business noon Friday. Thanks.

Gordon Friedman

Reporter, The Oregonian/OregonLive.com

gfriedman@oregonian.com

503-221-8209





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From: [MORAWSKI Lisa M * GOV](#)
To: [PAIR Chris * GOV](#); [KONDAYEN Kate * GOV](#); [EDLUND Tina * GOV](#)
Subject: Re: request for comment: Speedy admission to Oregon State Hospital
Date: Thursday, February 21, 2019 5:12:27 PM
Attachments: [image001.png](#)
[image002.png](#)

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The Governor cares deeply about people who suffer from behavioral health issues and ensuring they get the level of care and treatment they need. While the Oregon Health Authority works to build capacity in community mental health systems across the state, the Governor believes we also need to find ways to improve access to services to help people earlier. This includes better integrating behavioral health with physical health, oral health and substance abuse disorders and focusing on prevention.

Lisa Morawski
Interim Press Secretary
Office of Governor Kate Brown
Mobile: 503-569-2482

From: PAIR Chris * GOV <Chris.PAIR@oregon.gov>
Date: Thursday, February 21, 2019 at 1:52 PM
To: KONDAYEN Kate * GOV <Kate.KONDAYEN@oregon.gov>, MORAWSKI Lisa M * GOV <Lisa.M.Morawski@oregon.gov>
Subject: Re: request for comment: Speedy admission to Oregon State Hospital

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From: KONDAYEN Kate * GOV <Kate.KONDAYEN@oregon.gov>
Date: Thursday, February 21, 2019 at 4:39 PM
To: PAIR Chris * GOV <Chris.PAIR@oregon.gov>, MORAWSKI Lisa M * GOV <Lisa.M.Morawski@oregon.gov>
Subject: FW: request for comment: Speedy admission to Oregon State Hospital

FYI.

From: Gordon Friedman <GFriedman@oregonian.com>
Date: Thursday, February 21, 2019 at 1:37 PM
To: KONDAYEN Kate * GOV <Kate.KONDAYEN@oregon.gov>
Subject: FW: request for comment: Speedy admission to Oregon State Hospital

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gfriedman@oregonian.com
503-221-8209





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From: [EDLUND Tina * GOV](#)
To: [MORAWSKI Lisa M * GOV](#); [PAIR Chris * GOV](#); [KONDAYEN Kate * GOV](#)
Subject: RE: request for comment: Speedy admission to Oregon State Hospital
Date: Thursday, February 21, 2019 10:27:38 PM
Attachments: [image001.png](#)
[image002.png](#)

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From: MORAWSKI Lisa M * GOV <Lisa.M.Morawski@oregon.gov>
Sent: Thursday, February 21, 2019 5:12 PM
To: PAIR Chris * GOV <Chris.PAIR@oregon.gov>; KONDAYEN Kate * GOV <Kate.KONDAYEN@oregon.gov>; EDLUND Tina * GOV <Tina.EDLUND@oregon.gov>
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Subject: Re: request for comment: Speedy admission to Oregon State Hospital

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Date: Thursday, February 21, 2019 at 4:39 PM

To: PAIR Chris * GOV <Chris.PAIR@oregon.gov>, MORAWSKI Lisa M * GOV <Lisa.M.Morawski@oregon.gov>

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gfriedman@oregonian.com
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gfriedman@oregonian.com

503-221-8209





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From: [PAIR Chris * GOV](#)
To: [EDLUND Tina * GOV](#); [MORAWSKI Lisa M * GOV](#); [KONDAYEN Kate * GOV](#)
Subject: Re: request for comment: Speedy admission to Oregon State Hospital
Date: Friday, February 22, 2019 7:26:08 AM
Attachments: [image001.png](#)
[image002.png](#)

A few tweaks. Like it otherwise.

From: EDLUND Tina * GOV <Tina.EDLUND@oregon.gov>
Date: Friday, February 22, 2019 at 1:27 AM
To: MORAWSKI Lisa M * GOV <Lisa.M.Morawski@oregon.gov>, PAIR Chris * GOV <Chris.PAIR@oregon.gov>, KONDAYEN Kate * GOV <Kate.KONDAYEN@oregon.gov>
Subject: RE: request for comment: Speedy admission to Oregon State Hospital

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From: MORAWSKI Lisa M * GOV <Lisa.M.Morawski@oregon.gov>
Sent: Thursday, February 21, 2019 5:12 PM
To: PAIR Chris * GOV <Chris.PAIR@oregon.gov>; KONDAYEN Kate * GOV <Kate.KONDAYEN@oregon.gov>; EDLUND Tina * GOV <Tina.EDLUND@oregon.gov>
Subject: Re: request for comment: Speedy admission to Oregon State Hospital

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Lisa Morawski
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Office of Governor Kate Brown
Mobile: 503-569-2482

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Date: Thursday, February 21, 2019 at 1:52 PM
To: KONDAYEN Kate * GOV <Kate.KONDAYEN@oregon.gov>, MORAWSKI Lisa M * GOV <Lisa.M.Morawski@oregon.gov>
Subject: Re: request for comment: Speedy admission to Oregon State Hospital

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503-221-8209



From: Gordon Friedman <GFriedman@oregonian.com>

Date: Wednesday, February 20, 2019 at 12:25 PM

To: KONDAYEN Kate * GOV <Kate.KONDAYEN@oregon.gov>

Subject: request for comment: Speedy admission to Oregon State Hospital

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gfriedman@oregonian.com

503-221-8209





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From: [KONDAYEN Kate * GOV](#)
To: [PAIR Chris * GOV](#); [EDLUND Tina * GOV](#); [MORAWSKI Lisa M * GOV](#)
Subject: Re: request for comment: Speedy admission to Oregon State Hospital
Date: Friday, February 22, 2019 7:38:36 AM
Attachments: [image001.png](#)
[image002.png](#)

And a couple of copy edits.

From: PAIR Chris * GOV <Chris.PAIR@oregon.gov>
Date: Friday, February 22, 2019 at 7:26 AM
To: EDLUND Tina * GOV <Tina.EDLUND@oregon.gov>, Lisa Morawski <Lisa.M.Morawski@oregon.gov>, KONDAYEN Kate * GOV <Kate.KONDAYEN@oregon.gov>
Subject: Re: request for comment: Speedy admission to Oregon State Hospital

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From: EDLUND Tina * GOV <Tina.EDLUND@oregon.gov>
Date: Friday, February 22, 2019 at 1:27 AM
To: MORAWSKI Lisa M * GOV <Lisa.M.Morawski@oregon.gov>, PAIR Chris * GOV <Chris.PAIR@oregon.gov>, KONDAYEN Kate * GOV <Kate.KONDAYEN@oregon.gov>
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To: PAIR Chris * GOV <Chris.PAIR@oregon.gov>; KONDAYEN Kate * GOV <Kate.KONDAYEN@oregon.gov>; EDLUND Tina * GOV <Tina.EDLUND@oregon.gov>
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Lisa Morawski
Interim Press Secretary
Office of Governor Kate Brown
Mobile: 503-569-2482

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To: KONDAYEN Kate * GOV <Kate.KONDAYEN@oregon.gov>, MORAWSKI Lisa M * GOV <Lisa.M.Morawski@oregon.gov>
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Subject: FW: request for comment: Speedy admission to Oregon State Hospital

FYI.

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Subject: FW: request for comment: Speedy admission to Oregon State Hospital

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From: [MORAWSKI Lisa M * GOV](#)
To: [KONDAYEN Kate * GOV](#); [PAIR Chris * GOV](#); [EDLUND Tina * GOV](#)
Subject: Re: request for comment: Speedy admission to Oregon State Hospital
Date: Friday, February 22, 2019 7:56:56 AM
Attachments: [image001.png](#)
[image002.png](#)

Thanks! Just talked to Tina, and I will run this by Dawn and Pat and then I can send it off.

Lisa Morawski
Interim Press Secretary
Office of Governor Kate Brown
Mobile: 503-569-2482

From: KONDAYEN Kate * GOV <Kate.KONDAYEN@oregon.gov>
Date: Friday, February 22, 2019 at 7:38 AM
To: PAIR Chris * GOV <Chris.PAIR@oregon.gov>, EDLUND Tina * GOV <Tina.EDLUND@oregon.gov>, MORAWSKI Lisa M * GOV <Lisa.M.Morawski@oregon.gov>
Subject: Re: request for comment: Speedy admission to Oregon State Hospital

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To: [KONDAYEN Kate * GOV](#); [PAIR Chris * GOV](#); [EDLUND Tina * GOV](#)
Subject: Re: request for comment: Speedy admission to Oregon State Hospital
Date: Friday, February 22, 2019 8:00:22 AM
Attachments: [image001.png](#)
[image002.png](#)

Tina,
If Gordon follows up and asks for numbers for these investments, are we able to provide that?
Lisa

Lisa Morawski
Interim Press Secretary
Office of Governor Kate Brown
Mobile: 503-569-2482

From: KONDAYEN Kate * GOV <Kate.KONDAYEN@oregon.gov>
Date: Friday, February 22, 2019 at 7:38 AM
To: PAIR Chris * GOV <Chris.PAIR@oregon.gov>, EDLUND Tina * GOV <Tina.EDLUND@oregon.gov>, MORAWSKI Lisa M * GOV <Lisa.M.Morawski@oregon.gov>
Subject: Re: request for comment: Speedy admission to Oregon State Hospital

And a couple of copy edits.

From: PAIR Chris * GOV <Chris.PAIR@oregon.gov>
Date: Friday, February 22, 2019 at 7:26 AM
To: EDLUND Tina * GOV <Tina.EDLUND@oregon.gov>, Lisa Morawski <Lisa.M.Morawski@oregon.gov>, KONDAYEN Kate * GOV <Kate.KONDAYEN@oregon.gov>
Subject: Re: request for comment: Speedy admission to Oregon State Hospital

A few tweaks. Like it otherwise.

From: EDLUND Tina * GOV <Tina.EDLUND@oregon.gov>
Date: Friday, February 22, 2019 at 1:27 AM
To: MORAWSKI Lisa M * GOV <Lisa.M.Morawski@oregon.gov>, PAIR Chris * GOV <Chris.PAIR@oregon.gov>, KONDAYEN Kate * GOV <Kate.KONDAYEN@oregon.gov>
Subject: RE: request for comment: Speedy admission to Oregon State Hospital

How about this (from the budget doc):

The Governor is committed to ensuring that people who need mental health treatment don't linger in jail without it, and that's why her recommended budget includes significant

investment in increasing our capacity to treat the number of patients sent to the hospital under court orders. The immediate constraints we face spill over to others who need a hospital level of care, and affect communities struggling to find appropriate placements for care. We are also investing to increase access to community mental health. Our goal is to ensure that the State Hospital's costly level of care, intended for the hardest-to-treat patients, is not used for patients who may be more appropriately treated in community settings.

From: MORAWSKI Lisa M * GOV <Lisa.M.Morawski@oregon.gov>
Sent: Thursday, February 21, 2019 5:12 PM
To: PAIR Chris * GOV <Chris.PAIR@oregon.gov>; KONDAYEN Kate * GOV <Kate.KONDAYEN@oregon.gov>; EDLUND Tina * GOV <Tina.EDLUND@oregon.gov>
Subject: Re: request for comment: Speedy admission to Oregon State Hospital

Take a look and see if this on the right track. Thanks!

The Governor cares deeply about people who suffer from behavioral health issues and ensuring they get the level of care and treatment they need. While the Oregon Health Authority works to build capacity in community mental health systems across the state, the Governor believes we also need to find ways to improve access to services to help people earlier. This includes better integrating behavioral health with physical health, oral health and substance abuse disorders and focusing on prevention.

Lisa Morawski
Interim Press Secretary
Office of Governor Kate Brown
Mobile: 503-569-2482

From: PAIR Chris * GOV <Chris.PAIR@oregon.gov>
Date: Thursday, February 21, 2019 at 1:52 PM
To: KONDAYEN Kate * GOV <Kate.KONDAYEN@oregon.gov>, MORAWSKI Lisa M * GOV <Lisa.M.Morawski@oregon.gov>
Subject: Re: request for comment: Speedy admission to Oregon State Hospital

Have you heard from Tina?

From: KONDAYEN Kate * GOV <Kate.KONDAYEN@oregon.gov>
Date: Thursday, February 21, 2019 at 4:39 PM
To: PAIR Chris * GOV <Chris.PAIR@oregon.gov>, MORAWSKI Lisa M * GOV

<Lisa.M.Morawski@oregon.gov>

Subject: FW: request for comment: Speedy admission to Oregon State Hospital

FYI.

From: Gordon Friedman <GFriedman@oregonian.com>

Date: Thursday, February 21, 2019 at 1:37 PM

To: KONDAYEN Kate * GOV <Kate.KONDAYEN@oregon.gov>

Subject: FW: request for comment: Speedy admission to Oregon State Hospital

Hi Kate,

Following up on this. I'll have to say the governor's office didn't respond to repeated requests for comment if I don't get a response.

Gordon Friedman

Reporter, The Oregonian/OregonLive.com

gfriedman@oregonian.com

503-221-8209



From: Gordon Friedman <GFriedman@oregonian.com>

Date: Wednesday, February 20, 2019 at 12:25 PM

To: KONDAYEN Kate * GOV <Kate.KONDAYEN@oregon.gov>

Subject: request for comment: Speedy admission to Oregon State Hospital

Hi Kate,

Hope I'm emailing the right person here... I'm preparing a story for Sunday's paper that will report the state of Oregon regularly violates the civil rights of mentally ill defendants by failing to admit them to the Oregon State Hospital within prescribed timelines. (See *Oregon Advocacy Center v. Mink*.) Data provided by OSH shows there were at least 207 violating (e.g. late) admissions since 1/1/2018, and 59 of those defendants were charged with misdemeanors.

Would the governor care to comment? I also have a few specific questions:

- Does the governor view it as important that the state of Oregon does not violate the civil rights of mentally ill people charged with crimes?
- If so, what will she do to ensure the state complies with laws and court orders (e.g. *Mink*) meant to protect those peoples' civil rights?

My deadline is close of business noon Friday. Thanks.

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Reporter, The Oregonian/OregonLive.com

gfriedman@oregonian.com

503-221-8209





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OREGONIAN MEDIA GROUP



The Oregonian OREGONLIVE

OREGONIAN MEDIA GROUP

From: [EDLUND Tina * GOV](#)
To: [MORAWSKI Lisa M * GOV](#)
Cc: [KONDAYEN Kate * GOV](#); [PAIR Chris * GOV](#)
Subject: Re: request for comment: Speedy admission to Oregon State Hospital
Date: Friday, February 22, 2019 10:59:51 AM
Attachments: [image001.png](#)
[image002.png](#)

Yes, the GRB has \$7.6 m to increase capacity at the community level. You can also refer him to pages 58 and 59 of the GRB.

Sent from my iPhone

On Feb 22, 2019, at 8:00 AM, MORAWSKI Lisa M * GOV
<Lisa.M.Morawski@oregon.gov> wrote:

Tina,
If Gordon follows up and asks for numbers for these investments, are we able to provide that?
Lisa

Lisa Morawski
Interim Press Secretary
Office of Governor Kate Brown
Mobile: 503-569-2482

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Reporter, The Oregonian/OregonLive.com
gfriedman@oregonian.com
503-221-8209
<image001.png>

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503-221-8209

<image002.png>



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From: [EDLUND Tina * GOV](#)
To: [ROMAN Linda * GOV](#)
Subject: Fwd: OHA Program Area Summary_Final 11-20-18.xlsx
Date: Tuesday, February 26, 2019 12:06:10 PM
Attachments: [OHA Program Area Summary_Final 11-20-18.xlsx](#)
[ATT00001.htm](#)

FYI

Sent from my iPad

Begin forwarded message:

From: MACDONALD Thomas * DAS <Thomas.MACDONALD@oregon.gov>
Date: November 26, 2018 at 10:04:57 AM PST
To: EDLUND Tina * GOV <Tina.EDLUND@oregon.gov>, ROMAN Linda * GOV <Linda.ROMAN@oregon.gov>
Subject: OHA Program Area Summary_Final 11-20-18.xlsx

Attached is the OHA summary document with final decisions.

Oregon Health Authority
Preliminary Plan for Governor's Budget
2017-19 Leg Approved Budget

	\$, in millions		
	GF	LF	GF/LF
	2,163.7	12.5	2,176.2
Cost Increases			
Roll-up of 2017-19 Personal Services costs	25.6	0.1	25.7
Inflation in non-OHP programs	30.2	0.4	30.6
OHP: FMAP Changes	442.0	-	442.0
OHP: Hospital Assessment 0.7% and Insurance Premium Tax 1.5% - statutory sunsets	308.3	-	308.3
OHP: Inflation at 3.4% each year	71.1	-	71.1
OHP: Other Funds Inflation - insufficient revenue to fund inflation	125.1	-	125.1
OHP: Tobacco Tax / Tobacco Master Settlement - revenue decline & one-time revenue	81.8	-	81.8
OHP / Mental Health: caseload forecast changes	22.0	-	22.0
Mental Health: shift one-time tobacco tax revenue to General Fund	17.7	-	17.7
Phase-in programs partially funded in 2017-19	12.5	-	12.5
Cost Allocation - increased GF need for indirect costs	8.0	-	8.0
Health Care Agenda Investments			
Reduce Risk Factors for Suicide (POP 402)	13.1	-	13.1
Physical, Behavioral, Oral Health Coord. (POP 411 - 4 positions; electronic health records)	5.4	-	5.4
Intensive In-Home Behavioral Health Services (POP 403 - CCO rate increase)	6.6	-	6.6
Universal Home Visiting (POP 401)	4.1	-	4.1
CCO 2.0 (POP 416 - includes position bought back through Addictions agenda)	1.1	-	1.1
Office of Child Health (POP 404 - 4 positions)	0.6	-	0.6
Contain Prescription Drug Costs (POP 422 - 2 positions for Presc. Drug Monitoring Program)	0.4	-	0.4
Identify Programs for Health Care Integration (POP 409 - opioid alternative education)	0.3	-	0.3
Project ECHO (includes \$2.1M from Addictions and Recovery Agenda)	2.4	-	2.4
Other New Investments			
Rental Assistance for new housing units (Addictions and Recovery Agenda)	4.5	-	4.5
Project Nurture - two generation approach to SUD (Addictions and Recovery Agenda)	5.0	-	5.0
Complete Statewide SUD survey (Addictions and Recovery Agenda) - \$41,760	0.0	-	0.0
Prescription Drug Monitoring Program updates (Addictions and Recovery Agenda)	0.1	-	0.1
SUD Provider Accreditation (Addictions and Recovery Agenda)	0.4	-	0.4
Strategic Stockpile of Naloxone (Addictions and Recovery Agenda)	0.5	-	0.5
Regional Assessments (Child Welfare Agenda)	10.4	-	10.4
Oregon State Hospital - open 25-bed unit in Junction City through June 30, 2020	7.1	-	7.1
Aid and Assist Caseload - Misdemeanant Defenders (POP 410 / LC 383)	7.6	-	7.6
Behavioral Health Backfill - replace declining tobacco revenue (POP 413)	9.1	-	9.1
Hepatitis C Treatment - expand coverage to earlier stages (POP 415)	10.0	-	10.0
IT Project: Behavioral Health System - 2 positions (POP 414)	6.7	-	6.7
IT Project: Integrated Eligibility / Medicaid Eligibility - 45 positions (POP 201)	0.7	-	0.7
IT Project: Medicaid Modularity - 3 positions (POP 202)	0.5	-	0.5
Dec. 2018 E-Board Request: Ombudsperson Services - 6 positions	0.8	-	0.8
Dec. 2018 Rebalance Request: Health Systems Staffing - 3 positions	0.6	-	0.6
Dec. 2018 Rebalance Request: increased funding for ADPC & Wallowa Co. PH funding	0.2	-	0.2
September 2018 E-Board: Water Strategy	0.2	-	0.2
Local Public Health Backfill - replace declining medical marijuana revenue (POP 417)	5.5	-	5.5
Cost Decreases			
OHP: OHSU - revenue phase-in / program growth	(162.0)	-	(162.0)
OHP: Rural A/B Hospital Assessment - revenue phase-in	(24.0)	-	(24.0)
OHP: CCO Quality Incentive Pool - recognize 2019 reduction (one-time)	(6.7)	-	(6.7)
Phase-out one-time costs / debt service decrease	(10.0)	-	(10.0)
State Government Service Charge and AG Adjustments	(2.8)	-	(2.8)
Revenue Proposals			
Insurance Premium Tax at 2% plus Stop-Loss	(320.0)	-	(320.0)
Subsidized Employer Assessment	(119.5)	-	(119.5)
Hospital Assessment Increase of 0.7% ("non-true tax")	(98.0)	-	(98.0)
Tobacco Tax Increase (7 months) - cigarette tax (\$2.00) and vaping	(95.0)	-	(95.0)
OHSU - increase OHSU's contribution to transfer agreement	(25.0)	-	(25.0)
Program Reductions			
Marijuana fund shift	(13.3)	-	(13.3)
OHP: OHSU - eliminate contingency reserve maintained by OHA	(64.0)	-	(64.0)
OHP: Graduate Medical Education - eliminate (except OHSU-leveraged program)	(23.8)	-	(23.8)
OHP: reverse 2017 Medicaid waiver renewal costs approved as one-time	(5.5)	-	(5.5)
Increase vacancy savings estimate	(1.0)	-	(1.0)
2019-21 Health Care Budget Plan	2,441.5	12.9	2,454.4
2019-21 Health Care Current Service Level	3,120.5	13.0	3,133.5
Difference from CSL after PEBB Transfer to General Fund			(679.1)
Other Significant Issues included in the Plan that are important to bring to the Governor's attention			
Transfers \$50 million from PEBB Reserves to the General Fund to cover Salary Pot costs	-	-	-
Public Health Modernization: fund through tobacco tax increase - \$13.6 million in 2019-21	-	-	-
Mental Health: Shortfall due to Marijuana Revenue Issue - resolve through statutory change	16.0	-	16.0
Reinsurance Program - funded at \$90 million Other Funds (impacts DCBS budget)			

From: [ALLEN Patrick](#)
To: [EDLUND Tina * GOV](#)
Cc: [Jagger Dawn A](#)
Subject: FW: News Clip: The Oregonian - Rights group may sue to ensure access to mental hospital for Oregon defendants
Date: Friday, April 12, 2019 4:08:08 PM

Fyi.

At DRO's request, we are working to schedule a meeting. In terms of urgency, they have offered dates into May, fwiw.

Pat.

From: Jagger Dawn A <Dawn.Jagger@dhsola.state.or.us>
Sent: Friday, April 12, 2019 3:56 PM
To: Cowie Robb <ROBB.COWIE@dhsola.state.or.us>; England Saerom Y <SAEROM.Y.ENGLAND@dhsola.state.or.us>; Allen Patrick <Patrick.Allen@dhsola.state.or.us>; STINEMAN Renee <Renee.STINEMAN@doj.state.or.us>; BANWARTH Allison W <Allison.W.BANWARTH@doj.state.or.us>; JOHNSON Craig M <Craig.M.JOHNSON@doj.state.or.us>
Subject: Fwd: News Clip: The Oregonian - Rights group may sue to ensure access to mental hospital for Oregon defendants

Haven't read this yet but wanted to forward.

Dawn Jagger
Chief of Staff
Oregon Health Authority
Mobile: 503/884-6411

Begin forwarded message:

From: GIPSON-KING Rebeka <Rebeka.GIPSON-KING@dhsola.state.or.us>
Date: April 12, 2019 at 3:44:43 PM PDT
To: JC - OSH - Leadership Team <JC-OSH-LeadershipTeam@dhsola.state.or.us>, Duran Michael P <MICHAEL.P.DURAN@dhsola.state.or.us>, Jones Tyler <Tyler.Jones@dhsola.state.or.us>, KELLY Kerry <Kerry.KELLY@dhsola.state.or.us>, KEMP MICHAEL <MICHAEL.KEMP@dhsola.state.or.us>, MARTIN Billy J <Billy.J.MARTIN@dhsola.state.or.us>, "Matteucci Dolores (Dolly)" <DOLORES.MATTEUCCI@dhsola.state.or.us>, Mobley Nicole A <NICOLE.A.MOBLEY@dhsola.state.or.us>, Rider Buffy L <BUFFY.L.RIDER@dhsola.state.or.us>, SLOTHOWER Karen M <KAREN.M.SLOTHOWER@dhsola.state.or.us>, TOLAN Arthur <Arthur.TOLAN@dhsola.state.or.us>, Vangestel Jacee M <JACEE.M.VANGESTEL@dhsola.state.or.us>, WALKER Sara <Sara.WALKER@dhsola.state.or.us>, WEHR Derek <Derek.WEHR@dhsola.state.or.us>, Adamson Michael

<MICHAEL.ADAMSON@dhsoba.state.or.us>, Anhalt Thomas
<THOMAS.ANHALT@dhsoba.state.or.us>, Cornell Anthony
<ANTHONY.CORNELL@dhsoba.state.or.us>, Dahl Erin E
<ERIN.E.DAHL@dhsoba.state.or.us>, DETRANT Joni R
<Joni.R.DETRANT@dhsoba.state.or.us>, Eddings Ashley R
<ASHLEY.R.EDDINGS@dhsoba.state.or.us>, FRANTZ-GEDDES Nancy <Nancy.FRANTZ-GEDDES@dhsoba.state.or.us>, GUILLEN Anthony
<Anthony.GUILLEN@dhsoba.state.or.us>, Hewlett Kirsten R
<KIRSTEN.R.HEWLETT@dhsoba.state.or.us>, HIGHBERGER Ted
<Ted.HIGHBERGER@dhsoba.state.or.us>, Hillier Scott
<SCOTT.HILLIER@dhsoba.state.or.us>, Howard Deborah J
<DEBORAH.J.HOWARD@dhsoba.state.or.us>, Kelsey Loren R
<LOREN.R.KELSEY@dhsoba.state.or.us>, Krebs Aisha C
<AISHA.C.KREBS@dhsoba.state.or.us>, Logan Micky F
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<WILLIAM.A.NEWBILL@dhsoba.state.or.us>, Page Gareth
<GARETH.PAGE@dhsoba.state.or.us>, Raikes Christopher G
<CHRISTOPHER.G.RAIKES@dhsoba.state.or.us>, "Hatch Billy (Robert Hatch)"
<ROBERT.HATCH@dhsoba.state.or.us>, Roldan Josiah J
<JOSIAH.J.ROLDAN@dhsoba.state.or.us>, Ross Kimberly
<KIMBERLY.ROSS@dhsoba.state.or.us>, Schlosser-Vixie Kimberly
<KIMBERLY.SCHLOSSER-VIXIE@dhsoba.state.or.us>, Scott Heidi L
<HEIDI.L.SCOTT@dhsoba.state.or.us>, Seligmann Ari L
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<SIMRAT.SETHI@dhsoba.state.or.us>, Stringer Jason
<JASON.STRINGER@dhsoba.state.or.us>, Swanger Michelle L
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<KEITH.R.VANNORMAN@dhsoba.state.or.us>, White Christine
<CHRISTINE.WHITE@dhsoba.state.or.us>
Cc: Cowie Robb <ROBB.COWIE@dhsoba.state.or.us>, Jagger Dawn A
<Dawn.Jagger@dhsoba.state.or.us>, England Saerom Y
<SAEROM.Y.ENGLAND@dhsoba.state.or.us>, Heiberg Holly
<HOLLY.HEIBERG@dhsoba.state.or.us>, Dolph Annaliese
<ANNALIESE.DOLPH@dhsoba.state.or.us>

Subject: News Clip: The Oregonian - Rights group may sue to ensure access to mental hospital for Oregon defendants

Link: <https://www.oregonlive.com/politics/2019/04/rights-group-may-sue-to-ensure-access-to-mental-hospital-for-oregon-defendants.html>

Rights group may sue to ensure access to mental hospital for Oregon defendants

Today 2:47 PM



Beth Nakamura/Staff

The Oregon State Hospital in Salem, Ore. Officials have routinely failed to admit defendants to the hospital for trial fitness treatment within court-ordered timelines.

By [Gordon R. Friedman | The Oregonian/OregonLive](#)

Oregon's long delays in admitting criminal defendants in need of mental health treatment to the state psychiatric hospital – in violation of a federal court order – has spurred advocacy group Disability Rights Oregon to warn it may sue to enforce the order if wait times are not pared back.

“These delays cannot continue,” Sarah Radcliffe, the group's mental health attorney wrote in an [April 9 letter](#) to Allison Banwarth, an assistant attorney general, and other state officials. The Oregonian/OregonLive obtained the letter Friday.

Anyone charged with a crime has a right to be lucid enough to understand the charges and assist their defense. Cases are put on hold if a defendant is too mentally ill to proceed. Judges, in turn, may order defendants to the Oregon State Hospital for psychiatric treatment until they are healthy enough to stand trial.

The rate of that happening has skyrocketed in recent years as a crisis of mental illness and drug abuse has proliferated on Oregon streets and prosecutors have [charged high numbers of homeless mentally ill people with crimes](#), many of them minor offenses.

A logjam of cases snaking through the courts, and judges' orders that

defendants receive psychiatric treatment, has caused a long waitlist for entry to the mental hospital. Until they are admitted, defendants remain locked in county jail cells.

If long waits continue, Radcliffe wrote, her organization will “be required to enforce the federal court order” establishing a seven-day deadline for granting entry to defendants ordered to the Oregon State Hospital for trial fitness treatment.

The order to which Radcliffe referred was issued in 2002 by the late Owen M. Panner, a federal district court judge in Oregon, who declared that lengthy jail stays for defendants as they await entry to the Oregon State Hospital for treatment are illegal.

“This court concluded the indefinite imprisonment of persons deemed unfit to proceed and in need of treatment is unjust,” [Panner wrote in the order](#), saying there was “no rationalization that passes constitutional muster” for allowing defendants to languish in jails.

He set a strict seven-day deadline for the Oregon State Hospital to admit a defendant once under a judge’s order for treatment.

The state appealed Panner’s ruling. But the 9th U.S. Circuit Court of Appeals upheld it, rejecting the state’s arguments that it could not promptly grant entry to defendants. The court did so citing “the undisputed harms that incapacitated criminal defendants suffer when they spend weeks or months in jail waiting for transfer.”

As part of its coverage of mental illness and criminal justice, The Oregonian/OregonLive investigated compliance with Panner’s ruling. The newsroom discovered [202 defendants had been confined to jails beyond the seven-day timeline](#) over 13 months – creating long jail stays the federal courts said were unjust.

None of the 202 had been convicted on their charges at the time of their unlawfully long jail stay. Many had been charged only with misdemeanors and would have otherwise faced little or no time behind bars if convicted.

[Read our investigation: [Mentally ill languish in Oregon jails, in breach of federal court order](#)]

That situation sparked Radcliffe's letter this week. It was Disability Rights Oregon that originally sued the state on behalf of mentally ill defendants in a case that resulted in Panner's ruling.

Radcliffe wrote the state said the psychiatric hospital was full and could not admit more patients. That was "the precise defense" the state offered to Panner, she said, and he soundly rejected it.

"It is the hospital's responsibility to ensure that beds are made available," Radcliffe wrote.

Asked to comment on her letter, she issued a statement: "We're very concerned about delays in accessing competency restoration services. It's an issue that we're tracking closely. There is potential for reform through the legislative process. There's also the potential for litigation."

A spokeswoman for the Oregon State Hospital did not answer a request for comment.

The state came [close to being found in contempt of court](#) Wednesday by Washington County Circuit Court Judge D. Charles Bailey for ignoring Bailey's order to admit a defendant to the state hospital for a psychiatric evaluation.

Bailey had invoked Panner's seven-day timeline in his order to promptly admit the defendant in the case, Carlos Zamora-Skaar, who has been charged with burglary and other crimes.

Oregon Department of Justice lawyers argued in response that the seven-day timeline did not apply and was unenforceable. They said that forced compliance would overload the psychiatric hospital's facilities and budget as defendants on the waitlist flood in as patients.

The judge did not ultimately hold the state in contempt, noting that the need for a psychiatric evaluation of Zamora-Skaar was no longer necessary because he had so obviously degenerated during his long wait in jail. Bailey instead ordered Zamora-Skaar to the state hospital for treatment.

Bailey left the door open to finding the state in contempt in the future, including if Zamora-Skaar is not admitted for treatment

within seven days of Bailey's new ruling.

-- Gordon R. Friedman

GFriedman@Oregonian.com

Rebeka Gipson-King

Hospital Relations Director

Oregon State Hospital

rebeka.gipson-king@state.or.us

Desk: 503-945-7141

Cell: 503-756-0366

From: [EDLUND Tina * GOV](#)
To: [ALLEN Patrick](#)
Subject: Re: News Clip: The Oregonian - Rights group may sue to ensure access to mental hospital for Oregon defendants
Date: Friday, April 12, 2019 4:36:10 PM

Thx

Sent from my iPhone

On Apr 12, 2019, at 4:08 PM, Allen Patrick <patrick.allen@state.or.us> wrote:

Fyi.

At DRO's request, we are working to schedule a meeting. In terms of urgency, they have offered dates into May, fwiw.

Pat.

From: Jagger Dawn A <Dawn.Jagger@dhsoha.state.or.us>
Sent: Friday, April 12, 2019 3:56 PM
To: Cowie Robb <ROBB.COWIE@dhsoha.state.or.us>; England Saerom Y <SAEROM.Y.ENGLAND@dhsoha.state.or.us>; Allen Patrick <Patrick.Allen@dhsoha.state.or.us>; STINEMAN Renee <Renee.STINEMAN@doj.state.or.us>; BANWARTH Allison W <Allison.W.BANWARTH@doj.state.or.us>; JOHNSON Craig M <Craig.M.JOHNSON@doj.state.or.us>
Subject: Fwd: News Clip: The Oregonian - Rights group may sue to ensure access to mental hospital for Oregon defendants

Haven't read this yet but wanted to forward.

Dawn Jagger
Chief of Staff
Oregon Health Authority
Mobile: 503/884-6411

Begin forwarded message:

From: GIPSON-KING Rebeka <Rebeka.GIPSON-KING@dhsoha.state.or.us>
Date: April 12, 2019 at 3:44:43 PM PDT
To: JC - OSH - Leadership Team <JC-OSH-LeadershipTeam@dhsoha.state.or.us>, Duran Michael P <MICHAEL.P.DURAN@dhsoha.state.or.us>, Jones Tyler <Tyler.Jones@dhsoha.state.or.us>, KELLY Kerry <Kerry.KELLY@dhsoha.state.or.us>, KEMP MICHAEL <MICHAEL.KEMP@dhsoha.state.or.us>, MARTIN Billy J

<Billy.J.MARTIN@dhsoba.state.or.us>, "Matteucci Dolores (Dolly)"
<DOLORES.MATTEUCCI@dhsoba.state.or.us>, Mobley Nicole A
<NICOLE.A.MOBLEY@dhsoba.state.or.us>, Rider Buffy L
<BUFFY.L.RIDER@dhsoba.state.or.us>, SLOTHOWER Karen M
<KAREN.M.SLOTHOWER@dhsoba.state.or.us>, TOLAN Arthur
<Arthur.TOLAN@dhsoba.state.or.us>, Vangestel Jacee M
<JACEE.M.VANGESTEL@dhsoba.state.or.us>, WALKER Sara
<Sara.WALKER@dhsoba.state.or.us>, WEHR Derek
<Derek.WEHR@dhsoba.state.or.us>, Adamson Michael
<MICHAEL.ADAMSON@dhsoba.state.or.us>, Anhalt Thomas
<THOMAS.ANHALT@dhsoba.state.or.us>, Cornell Anthony
<ANTHONY.CORNELL@dhsoba.state.or.us>, Dahl Erin E
<ERIN.E.DAHL@dhsoba.state.or.us>, DETRANT Joni R
<Joni.R.DETRANT@dhsoba.state.or.us>, Eddings Ashley R
<ASHLEY.R.EDDINGS@dhsoba.state.or.us>, FRANTZ-GEDDES Nancy
<Nancy.FRANTZ-GEDDES@dhsoba.state.or.us>, GUILLEN Anthony
<Anthony.GUILLEN@dhsoba.state.or.us>, Hewlett Kirsten R
<KIRSTEN.R.HEWLETT@dhsoba.state.or.us>, HIGHBERGER Ted
<Ted.HIGHBERGER@dhsoba.state.or.us>, Hillier Scott
<SCOTT.HILLIER@dhsoba.state.or.us>, Howard Deborah J
<DEBORAH.J.HOWARD@dhsoba.state.or.us>, Kelsey Loren R
<LOREN.R.KELSEY@dhsoba.state.or.us>, Krebs Aisha C
<AISHA.C.KREBS@dhsoba.state.or.us>, Logan Micky F
<MICKY.F.LOGAN@dhsoba.state.or.us>, MCGRAW-HUNTER Michelle
<Michelle.MCGRAW-HUNTER@dhsoba.state.or.us>, Meyers Cheryl C
<CHERYL.C.MEYERS@dhsoba.state.or.us>, Mortenson Jason
<JASON.MORTENSON@dhsoba.state.or.us>, Mussatti Daniel
<DANIEL.MUSSATTI@dhsoba.state.or.us>, Newbill William A
<WILLIAM.A.NEWBILL@dhsoba.state.or.us>, Page Gareth
<GARETH.PAGE@dhsoba.state.or.us>, Raikes Christopher G
<CHRISTOPHER.G.RAIKES@dhsoba.state.or.us>, "Hatch Billy (Robert Hatch)" <ROBERT.HATCH@dhsoba.state.or.us>, Roldan Josiah J
<JOSIAH.J.ROLDAN@dhsoba.state.or.us>, Ross Kimberly
<KIMBERLY.ROSS@dhsoba.state.or.us>, Schlosser-Vixie Kimberly
<KIMBERLY.SCHLOSSER-VIXIE@dhsoba.state.or.us>, Scott Heidi L
<HEIDI.L.SCOTT@dhsoba.state.or.us>, Seligmann Ari L
<ARI.L.SELIGMANN@dhsoba.state.or.us>, Sethi Simrat
<SIMRAT.SETHI@dhsoba.state.or.us>, Stringer Jason
<JASON.STRINGER@dhsoba.state.or.us>, Swanger Michelle L
<MICHELLE.L.SWANGER@dhsoba.state.or.us>, VanNorman Keith R
<KEITH.R.VANNORMAN@dhsoba.state.or.us>, White Christine
<CHRISTINE.WHITE@dhsoba.state.or.us>
Cc: Cowie Robb <ROBB.COWIE@dhsoba.state.or.us>, Jagger Dawn A
<Dawn.Jagger@dhsoba.state.or.us>, England Saerom Y
<SAEROM.Y.ENGLAND@dhsoba.state.or.us>, Heiberg Holly

<HOLLY.HEIBERG@dhsosha.state.or.us>, Dolph Annaliese

<ANNALIESE.DOLPH@dhsosha.state.or.us>

Subject: News Clip: The Oregonian - Rights group may sue to ensure access to mental hospital for Oregon defendants

Link:

<https://www.oregonlive.com/politics/2019/04/rights-group-may-sue-to-ensure-access-to-mental-hospital-for-oregon-defendants.html>

Rights group may sue to ensure access to mental hospital for Oregon defendants

Today 2:47 PM

<image001.jpg>

Beth Nakamura/Staff

The Oregon State Hospital in Salem, Ore. Officials have routinely failed to admit defendants to the hospital for trial fitness treatment within court-ordered timelines.

By [Gordon R. Friedman](#) | [The Oregonian/OregonLive](#)

Oregon's long delays in admitting criminal defendants in need of mental health treatment to the state psychiatric hospital – in violation of a federal court order – has spurred advocacy group Disability Rights Oregon to warn it may sue to enforce the order if wait times are not pared back.

“These delays cannot continue,” Sarah Radcliffe, the group's mental health attorney wrote in an [April 9 letter](#) to Allison Banwarth, an assistant attorney general, and other state officials. The Oregonian/OregonLive obtained the letter Friday.

Anyone charged with a crime has a right to be lucid enough to understand the charges and assist their defense. Cases are put on hold if a defendant is too mentally ill to proceed. Judges, in turn, may order defendants to the Oregon State Hospital for psychiatric treatment until they

are healthy enough to stand trial.

The rate of that happening has skyrocketed in recent years as a crisis of mental illness and drug abuse has proliferated on Oregon streets and prosecutors have [charged high numbers of homeless mentally ill people with crimes](#), many of them minor offenses.

A logjam of cases snaking through the courts, and judges' orders that defendants receive psychiatric treatment, has caused a long waitlist for entry to the mental hospital. Until they are admitted, defendants remain locked in county jail cells.

If long waits continue, Radcliffe wrote, her organization will "be required to enforce the federal court order" establishing a seven-day deadline for granting entry to defendants ordered to the Oregon State Hospital for trial fitness treatment.

The order to which Radcliffe referred was issued in 2002 by the late Owen M. Panner, a federal district court judge in Oregon, who declared that lengthy jail stays for defendants as they await entry to the Oregon State Hospital for treatment are illegal.

"This court concluded the indefinite imprisonment of persons deemed unfit to proceed and in need of treatment is unjust," [Panner wrote in the order](#), saying there was "no rationalization that passes constitutional muster" for allowing defendants to languish in jails.

He set a strict seven-day deadline for the Oregon State Hospital to admit a defendant once under a judge's order for treatment.

The state appealed Panner's ruling. But the 9th U.S. Circuit Court of Appeals upheld it, rejecting the state's arguments that it could not promptly grant entry to defendants. The court did so citing "the undisputed harms that incapacitated criminal defendants suffer when they

spend weeks or months in jail waiting for transfer.”

As part of its coverage of mental illness and criminal justice, The Oregonian/OregonLive investigated compliance with Panner’s ruling. The newsroom discovered [202 defendants had been confined to jails beyond the seven-day timeline](#) over 13 months – creating long jail stays the federal courts said were unjust.

None of the 202 had been convicted on their charges at the time of their unlawfully long jail stay. Many had been charged only with misdemeanors and would have otherwise faced little or no time behind bars if convicted.

[Read our investigation: [Mentally ill languish in Oregon jails, in breach of federal court order](#)]

That situation sparked Radcliffe’s letter this week. It was Disability Rights Oregon that originally sued the state on behalf of mentally ill defendants in a case that resulted in Panner’s ruling.

Radcliffe wrote the state said the psychiatric hospital was full and could not admit more patients. That was “the precise defense” the state offered to Panner, she said, and he soundly rejected it.

“It is the hospital’s responsibility to ensure that beds are made available,” Radcliffe wrote.

Asked to comment on her letter, she issued a statement: “We’re very concerned about delays in accessing competency restoration services. It’s an issue that we’re tracking closely. There is potential for reform through the legislative process. There’s also the potential for litigation.”

A spokeswoman for the Oregon State Hospital did not answer a request for comment.

The state came [close to being found in contempt of court](#) Wednesday by Washington County Circuit Court Judge D.

Charles Bailey for ignoring Bailey's order to admit a defendant to the state hospital for a psychiatric evaluation.

Bailey had invoked Panner's seven-day timeline in his order to promptly admit the defendant in the case, Carlos Zamora-Skaar, who has been charged with burglary and other crimes.

Oregon Department of Justice lawyers argued in response that the seven-day timeline did not apply and was unenforceable. They said that forced compliance would overload the psychiatric hospital's facilities and budget as defendants on the waitlist flood in as patients.

The judge did not ultimately hold the state in contempt, noting that the need for a psychiatric evaluation of Zamora-Skaar was no longer necessary because he had so obviously degenerated during his long wait in jail. Bailey instead ordered Zamora-Skaar to the state hospital for treatment.

Bailey left the door open to finding the state in contempt in the future, including if Zamora-Skaar is not admitted for treatment within seven days of Bailey's new ruling.

-- Gordon R. Friedman

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rebeka.gipson-king@state.or.us
Desk: 503-945-7141
Cell: 503-756-0366

From: [Cowie Robb](#)
To: [EDLUND Tina * GOV](#); [MORAWASKI Lisa M * GOV](#)
Cc: [Jagger Dawn A](#); [ALLEN Patrick](#)
Subject: DRAFT: OSH statement
Date: Monday, April 22, 2019 1:19:50 PM
Importance: High

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The Oregon State Hospital is facing a capacity crisis. This crisis stems from the increasing criminalization of people who are mentally ill and homeless.

- *Today 43 percent of the patients committed to the Oregon State Hospital are defendants that local jurisdictions have determined to be unable to aid or assist in their own defense in criminal proceedings due to mental illness.*
- *In 2018, 60 percent of these defendants were homeless at the time of their arrest.*
- *Of the current 263 'aid and assist' defendants at the hospital, 30 percent are facing misdemeanor charges.*

The Oregon Health Authority is taking steps to serve defendants with severe mental illness closer to home and expand supported housing in the community to increase stability in their lives. We have proposed increased funding for counties to expand treatment and evaluation options in their communities, we have proposed legislative changes to ensure hospital care remains available for defendants with the most serious needs for restorative treatment and we support the Behavioral Health Justice Reinvestment Initiative, which would expand treatment and housing for people with severe mental illness who frequently interact with the justice system.

We need legislative support for these changes, to ensure people with severe mental illness can access and receive needed services across the behavioral health continuum in their local

communities.

Without these changes, our only option is to open another unit at the Oregon State Hospital. At a cost of \$12.5 million over a biennium, this step has consequences for all Oregonians. While opening another hospital unit provides a temporary solution to address the current crisis (until that unit also reaches capacity), this option does nothing to address the root cause of the increased demand - arresting homeless people who are mentally ill.

Robb Cowie
Communications Director
External Relations Division
Oregon Health Authority
robb.cowie@state.or.us
Cell: 503-421-7684
www.oregon.gov/OHA

From: [EDLUND Tina * GOV](#)
To: [PIRTLE-GUINEY Elana * GOV](#)
Subject: FW: DRAFT: OSH statement
Date: Monday, April 22, 2019 1:52:39 PM
Importance: High

Hi Elana,

I'd like to talk to you about the statement below...can you call me after you've had a minute to read it? Thanks, T

From: Cowie Robb <robb.cowie@state.or.us>
Sent: Monday, April 22, 2019 1:20 PM
To: EDLUND Tina * GOV <Tina.EDLUND@oregon.gov>; 'MORAWASKI Lisa M * GOV' <Lisa.M.MORAWASKI@state.or.us>
Cc: JAGGER DAWN A <dawn.jagger@state.or.us>; ALLEN Patrick <patrick.allen@state.or.us>
Subject: DRAFT: OSH statement
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Communications Director
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Oregon Health Authority
robb.cowie@state.or.us
Cell: 503-421-7684
www.oregon.gov/OHA

From: [MORAWSKI Lisa M * GOV](#)
To: [Cowie Robb](#)
Cc: [EDLUND Tina * GOV](#); [Dawn Jagger](#); [ALLEN Patrick](#)
Subject: Re: DRAFT: OSH statement
Date: Tuesday, April 23, 2019 9:06:24 AM

Robb,

We think you should flip this – so that the legislative changes needed are first, followed by the background about the issue. I took a shot at it below.

Thanks!

Lisa

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Lisa Morawski
Interim Press Secretary
Office of Governor Kate Brown
Mobile: 503-569-2482

From: Cowie Robb <robb.cowie@state.or.us>
Date: Monday, April 22, 2019 at 1:25 PM
To: MORAWSKI Lisa M * GOV <Lisa.M.MORAWSKI@state.or.us>
Subject: FW: DRAFT: OSH statement

This was bounced back. Heads up. Appreciate any feedback you may have.

From: Cowie Robb
Sent: Monday, April 22, 2019 1:20 PM
To: EDLUND Tina * GOV <Tina.EDLUND@oregon.gov>; 'MORAWSKI Lisa M * GOV' <Lisa.M.MORAWSKI@state.or.us>
Cc: Allen Patrick <Patrick.Allen@dhsosha.state.or.us>; Jagger Dawn A <Dawn.Jagger@dhsosha.state.or.us>
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From: [EDLUND Tina * GOV](#)
To: [MORAWSKI Lisa M * GOV](#); [Cowie Robb](#)
Cc: [Dawn Jagger](#); [ALLEN Patrick](#)
Subject: RE: DRAFT: OSH statement
Date: Tuesday, April 23, 2019 9:33:37 AM

Agree.

From: MORAWSKI Lisa M * GOV <Lisa.M.Morawski@oregon.gov>
Sent: Tuesday, April 23, 2019 9:06 AM
To: COWIE ROBB <robb.cowie@state.or.us>
Cc: EDLUND Tina * GOV <Tina.EDLUND@oregon.gov>; Dawn Jagger <Dawn.Jagger@dhsoha.state.or.us>; ALLEN Patrick <patrick.allen@state.or.us>
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From: [Cowie Robb](#)
To: [MORAWSKI Lisa M * GOV](#)
Cc: [Jagger Dawn A](#); [ALLEN Patrick](#); [EDLUND Tina * GOV](#)
Subject: RE: DRAFT: OSH statement
Date: Tuesday, April 23, 2019 10:26:44 AM

Thanks. Appreciate the edits. At this stage we intend to use this as a reactive statement. We'll let you know if we receive media inquiries.

From: MORAWSKI Lisa M * GOV <Lisa.M.Morawski@oregon.gov>
Sent: Tuesday, April 23, 2019 9:06 AM
To: Cowie Robb <ROBB.COWIE@dhsosha.state.or.us>
Cc: EDLUND Tina * GOV <Tina.EDLUND@oregon.gov>; Jagger Dawn A <Dawn.Jagger@dhsosha.state.or.us>; Allen Patrick <Patrick.Allen@dhsosha.state.or.us>
Subject: Re: DRAFT: OSH statement

Robb,

We think you should flip this – so that the legislative changes needed are first, followed by the background about the issue. I took a shot at it below.

Thanks!

Lisa

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Lisa Morawski
Interim Press Secretary
Office of Governor Kate Brown
Mobile: 503-569-2482

From: Cowie Robb <robb.cowie@state.or.us>
Date: Monday, April 22, 2019 at 1:25 PM
To: MORAWSKI Lisa M * GOV <Lisa.M.MORAWSKI@state.or.us>
Subject: FW: DRAFT: OSH statement

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Sent: Monday, April 22, 2019 1:20 PM
To: EDLUND Tina * GOV <Tina.EDLUND@oregon.gov>; 'MORAWSKI Lisa M * GOV' <Lisa.M.MORAWSKI@state.or.us>
Cc: Allen Patrick <Patrick.Allen@dhsosha.state.or.us>; Jagger Dawn A <Dawn.Jagger@dhsosha.state.or.us>
Subject: DRAFT: OSH statement
Importance: High

Below is a draft statement we've prepared to respond to an anticipated Washington County court order regarding the Oregon State Hospital. Currently the hearing is scheduled for tomorrow (4/23) afternoon. Appreciate your review and feedback.

Revised Statement regarding Washington County Court ruling regarding the

Oregon State Hospital

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Robb Cowie
Communications Director

External Relations Division
Oregon Health Authority
robb.cowie@state.or.us
Cell: 503-421-7684
www.oregon.gov/OHA

From: [EDLUND Tina * GOV](#)
To: [Cowie Robb](#)
Cc: [MORAWSKI Lisa M * GOV](#); [Jagger Dawn A](#); [ALLEN Patrick](#); [LABAR James * GOV](#)
Subject: Re: DRAFT: OSH statement
Date: Tuesday, April 23, 2019 11:37:57 AM

Take out “and housing” from second paragraph and add the OCHS language Robb sent earlier today.

Sent from my iPhone

On Apr 23, 2019, at 10:26 AM, Cowie Robb <robb.cowie@state.or.us> wrote:

Thanks. Appreciate the edits. At this stage we intend to use this as a reactive statement. We'll let you know if we receive media inquiries.

From: MORAWSKI Lisa M * GOV <Lisa.M.Morawski@oregon.gov>
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From: [EDLUND Tina * GOV](#)
To: [ISAAK Misha * GOV](#)
Subject: Talking Points
Date: Wednesday, April 24, 2019 2:11:02 PM

I'm not quite capturing it here—see what you think.

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But we must also address the root cause of the increased demand - criminalizing homelessness—arresting homeless people who are mentally ill

Sent from my iPad

From: [EDLUND Tina * GOV](#)
To: [ISAAK Misha * GOV](#)
Cc: [MORAWSKI Lisa M * GOV](#)
Subject: RE: Talking Points
Date: Wednesday, April 24, 2019 4:41:02 PM

Hi Misha,

When you have had a chance to review and edit these talking points, could you send them to Lisa and copy me? She needs them for the Gov's press avail tomorrow.

Thanks,

Tina

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To: [EDLUND Tina * GOV](#)
Cc: [MORAWSKI Lisa M * GOV](#)
Subject: RE: Talking Points
Date: Wednesday, April 24, 2019 4:49:14 PM

Yup. Working on it.

Misha Isaak

General Counsel
Office of Governor Kate Brown
Legal Assistant: Shevaun Gutridge
(503) 378-6246 (w)
(503) 378-6827 (f)

From: EDLUND Tina * GOV <Tina.EDLUND@oregon.gov>
Sent: Wednesday, April 24, 2019 4:41 PM
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Sent from my iPad

From: [ISAAC Misha * GOV](#)
To: [EDLUND Tina * GOV](#)
Cc: [MORAWSKI Lisa M * GOV](#)
Subject: RE: Talking Points
Date: Wednesday, April 24, 2019 5:42:25 PM

- The Washington County Circuit Court has ordered the Oregon State Hospital to admit people who are accused of crimes but cannot “aid and assist” in their own defense. But the State Hospital is at capacity and cannot comply with the court’s order.
- Judges are ordering defendants to the State Hospital in unprecedented numbers. The number of “aid and assist” patients admitted to the State Hospital each month has increased by almost 100 percent from 2012 to 2018. And Washington County is contributing to this problem: the increase from that county is 163 percent.
- A main driver of the problem is that police are arresting people suffering with mental illness — often homeless people — for minor offenses and judges are ordering them for treatment at the State Hospital. Rather than arresting this population and then ordering them to the State Hospital, we should be finding community-based healthcare resources for them.
 - Today 43 percent of the patients committed to the Oregon State Hospital are defendants that local jurisdictions have determined to be unable to aid or assist in their own defense in criminal proceedings due to mental illness.
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Sent from my iPad

From: [EDLUND Tina * GOV](#)
To: [ROMAN Linda * GOV](#)
Cc: [YERBY Jackie * GOV](#)
Subject: Budget tracker
Date: Friday, April 26, 2019 3:34:04 PM
Attachments: [PA input- Budget Tracker Governor's Priority Investments 042519 tde edits.xlsx](#)

Linda,

My changes are attached. We shouldn't lose track of the \$\$s that at that time were for opening a wing at Junction City. We quickly changed that notion to one of building additional community capacity for treatment but it appears on the final recs list as a Junction City ask. The nice thing about shifting to the community (beside being better for people) is that we can draw down match for community treatment.

Hope this helps. I still haven't found the \$5.65 for PCIT—I think that Berri ended up including that in education, but am not at all sure.

T

Tina Edlund
Senior Health Policy Advisor
Office of Governor Kate Brown
(971) 209-0604


DRAFT 4/25/19

Investment	Amount- GF (in millions)	Amount- Other Funds	Agency	Vehicle	PA	Notes
Project ECHO (includes \$2.1M from Addictions and Recovery Agenda)	2.4		OHA	HB 5525	Tina	OHSU for addictions \$2.1, OHA 300K Echo project
Intensive In-Home Behavioral Health Services (POP 403 - CCO rate increase)	6.6		OHA	SB 1 & SB 221 and HB 5525	Tina	Linked to SB 1, funding for key recommendation.
Reduce Risk Factors for Suicide (POP 402)	13.1		OHA	HB 5525	Tina	Have to fund positions to complete work!
CCO 2.0 (POP 416 - includes position bought back through Addictions agenda)	1.1		OHA	HB 5525	Tina	Agency is requesting an additional \$2.5m and position authority for 28 positions to manage the new financial accountability requirements.
Aid and Assist Misdemeanor Defendants (POP 410)	7.6		OHA	HB 5525	Tina	Linked to SB 24; funding for community capacity for evaluation and treatment. This came in at the very end of the GRB process and was included in the final recommendations, but a decision was made quickly that these dollars would be better invested to add community-based treatment capacity so this should NOT be tied to opening a new unit in the state hospital. Differentiates from POP 410, which is focused on the Aid and Assist population only.
Oregon State Hospital - open 25-bed unit in Junction City through June 30, 2020	7.1		OHA	HB 5525	Tina	Amendment to OHA Budget Bill
Cover All Kids Outreach Program	6		OHA	HB 5525	Tina	This is a key item for PSH. If no service money then the homes are just affordable homes or LIFT projects.
Rental Assistance for new housing units (Addictions and Recovery Agenda)	4.5		OHA/OHCS	HB 5525	James/ Tina	May be folded into POP
Drivers License Outreach			ODOT	TBD	Brenden	
Census Positions (DEI)						
Census Equity Campaign Fund	7.5		DAS	HB 5502	Sophorn	\$2.5M Early pass though in DAS budget with additional later
Universal Representation Fund (Immigration Defense Fund)	2		DAS	SB 5507	Sophorn	
State Police Funding			DOP	SB 5530	Constantin	
Fire Costs 50/50 split			ODF?		Amira / Constantin	
Additional staff to address permit backlog in air and water (related to fee incr.)	2.9		DEQ		Jason/Amira	
Dam Safety Study	0.5		WRD		Jason/Amira	
Rural Opportunities Initiative		1	Biz Oregon		James	Not in GRB - True, but this relates to other factors
Oregon InC Base Funding, Lottery Fund		17.8	Biz Oregon		James	
Oregon Growth Fund		2	Biz Oregon		James	
University Innovation Research Fund, Lottery Fund		10	Biz Oregon		James	
Special Public Work Fund, Bond: Lottery		79.5	Biz Oregon		James	Yes. Remember the change that needs to happen with Wallowa Dam (\$16M)call out. Needs to move out of SPWF and into Christmas Tree.
Brownfield Fund, Bond: Lottery		10	Biz Oregon		James	
Oregon Broadband Office, Lottery Fund		1.1	Biz Oregon		James	
Technology Services, Bonds: GO		0.775	Biz Oregon		James	
Seismic Rehab Grant Program: GO		120	Biz Oregon		James	Yes. The split is \$100 for schools and \$20 for emergency services.
Regional Solutions Operations	3.9		Regional Solutions		James	
Business Oregon, Regional Infrastructure Fund, Bond: Lottery		15	Regional Solutions		James	
LIFT, Bond: IX-Q		130	OHCS		James	
EHA/SHAP, GF	44		OHCS		James	
Homeless children OHCS, GF	14		OHCS		James	
Homeless children DHS, Federal TANF \$		6.5	DHS		James	
OHCS, Preservation, Bond: Lottery		25	OHCS		James	
Acquisition, Bond: Lottery		15	OHCS		James	
IDA, GF: Tax Credit (maintains CSL), \$7.5M	7.5		OHCS		James	
Rental Market Resources, GF	20		OHCS	HB 2006	James	
Permanent Supportive Housing Bond: IX-Q		50	OHCS		James	
Permanent Supportive Housing OHA, GF	4.5		OHA		James/ Tina	
Greater Oregon Housing Accelerator, HB 2055 + 2056, GF, \$15M	15		OHCS	HB 2055 + 2056	James	
Development Readiness Fund	1.4		DLCD		James/Amira	
All of OHCS s position authority for additional capacity, none is from GF		?	OHCS		James	
Independent Living Program - Youth			DHS		Rosa	
Family Treatment Courts - DHS Treatment Services, Caseworker Capacity	7.3		DHS	HB 2258		
Family Treatment Courts - Judges	10		DHS/PDSC/ODJ/DAS	HB 2258	Rosa	\$10M in Judiciary Reques for Additional Judfes
Youth w/ Specialized Needs	\$40		DHS/OHA	SB 1 & 221	Rosa/ Tina	\$34M in GRB
Continue Investment - School Seismic Grant	\$100		BizOr	HB 5030	Mike	This is Article 11-M bonding
Continue Investment - Emergency Facilities Seismic Grant	\$20		BizOr	HB 5030	Mike	This is Article 11-N bonding
Critical Energy Infrastructure Hub - Abatement Study	\$0.30		OEM	HB 5031	Mike	
StakeAlert & Alert Wildfire	\$12		UO/HECC	HB 5005	Mike	This is general obligation bonding, this will build out Oregon's Earthquake Early Warning system
250K Household 2-Week Ready	\$1.60		OEM	HB 5031	Mike	

Develop Public Airport Resiliency Grant Program	\$10	DoAvaiation	HB 5005	Mike	This is general obligation bonding
Develop Logisitical bases, Incident Management Teams	\$1.10	OEM	HB 5031	Mike	
Coastal Hospitals and Schools Study	\$0.30	DOGAMI	SB 5511	Mike	To conduct a study to relocate and.or build vetical for tsunami protection

From: [HEIBERG HOLLY](#)
To: [EDLUND Tina * GOV](#); [Narayan Kristina](#)
Cc: [Jagger Dawn A](#); [ALLEN Patrick](#)
Subject: OHA POP list
Date: Monday, April 29, 2019 8:38:31 PM
Attachments: [2019-21 OHA POP Parts tracker 4.25.19.xlsx](#)
[ATT00001.txt](#)

Hello Kristina and Tina,
Please see the updated spreadsheet we discussed last week.

2019-21 Oregon Health Authority - Budget Priorities										
POP #	Bill	Program Area	Policy Option Package Title	Description	General Fund	Other Funds	Federal Funds	Total Funds	POS	FTE
410	SB 24	HSD Non-Medicaid OSH	Aid & Assist Misdemeanor Defendants	This population has a large effect on the Oregon State Hospital census as the .370 population continues to increase. Senate Bill 24 would amend ORS 161.370 so that criminal defendants who are unfit to proceed must be evaluated and treated in the community, unless a certified evaluator or the court determine that the defendant needs a hospital level of care. This request would continue December 2018 Emergency Board funding investments and increase capacity in the community.	\$ 7,612,914	\$ -	\$ -	\$ 7,612,914	-	-
403	SB 1/221	HSD-Medicaid; PHD	Intensive In-Home Behavioral Health Services Jan. 2020 implementation (serves 1,500 per month)	This policy package seeks to create and expand intensive community-based behavioral health care for Oregon children. Due to a lack of intensive community-based services, many Medicaid-eligible youth are referred to residential care instead of receiving treatment in their home community. Creating and funding new intensive care opportunities in the community would increase diversity of services available to Oregon's Medicaid-eligible youth and provide alternatives to residential services. The TF cost for this POP is \$59.5 million and incorporates \$19.6 million TF savings from reduced stays in residential facilities.	\$ 6,575,316	\$ -	\$ 13,064,484	\$ 19,639,800	-	-
403b		Delayed Implementation	July 2020 implementation (serves 1,500 per month)	Delays implementation by 6 months.	\$ 4,383,544	\$ -	\$ 8,709,656	\$ 13,093,200	-	-
403c		Delayed Implementation	Jan. 2021 implementation (serves 1,500 per month)	Delays implementation by 12 months.	\$ 2,191,772	\$ -	\$ 4,354,828	\$ 6,546,600	-	-
402		HSD-Non-Medicaid, Admin	Expand Behavioral Health Services, including Suicide Intervention and Prevention, in Schools for Children and Youth Develop Adult Suicide Prevention, Intervention and Postvention Plan	Oregonians of all ages need prevention, earlier intervention, and access to services and supports to stem the rising suicide rate and ensure their behavioral health needs are met. Meeting this need requires prompt responses to crises and access to behavioral health services across the lifespan. This package would fund: the 2016-2020 priorities outlined in the Youth Suicide Intervention and Prevention Plan (YSIPP); mental health consultation and treatment services in schools; and the development of an Adult Behavioral Health Suicide Prevention and Postvention Plan. (Postvention is support for the bereaved after a suicide, because family and friends of a suicide victim may be at increased risk of suicide themselves.) Investing in earlier intervention and access to services for Oregon's elementary, middle school, and high school students would help them stay in school, improve learning outcomes, graduate, and prevent suicidal thoughts and behaviors. The YSIPP and an adult suicide prevention plan would reduce youth and family risk of suicide and improve long-term health and education outcomes.	\$ 13,103,059	\$ -	\$ -	\$ 13,103,059	3	2.64
402b		Component	School-Based Mental Health	Expansion of School-Based Mental Health (SBMH): \$2m to establish services in counties without SBMH, \$2m for grants to counties with unmet need, \$1.1m to address shortfall from 2017 SBHC Mental Health Expansion Capacity grant requests, \$1m for SBMH services in pre-K & elementary schools, \$0.3m for OPA 3 to manage grant programs.	\$ 6,428,201	\$ -	\$ -	\$ 6,428,201	1	1.00
402c		Component	Youth Suicide Intervention & Prevention Plan (YSIPP) Implementation	\$250,000 for outreach to youth to develop youth-centered suicide prevention resources, \$1.2m for clinical and community preventive services, \$1.6m for treatment and support services, \$0.7m for surveillance, research, and evaluation, \$0.2m for annual summit, \$0.6 targeted prevention for high-risk populations (LGBTQ, Tribal, & attempt/bereavement survivors), \$0.3m for and OPA 3 to coordinate crisis response.	\$ 6,698,201	\$ -	\$ -	\$ 6,698,201	1	1.00
402d		Component	Adult Statewide Suicide Prevention Plan	Funds an adult suicide and intervention specialist (\$0.2m for an OPA 4) to develop behavioral health system plan and coordinate activities to prevent and reduce suicide among adults.	\$ 238,085	\$ -	\$ -	\$ 238,085	1	0.61
401	SB 526	PHD	Universal Family Linkages & Home Visiting System - 10,000 families served	This policy package proposes to bring together partners to create a preventive system of care for families and deliver a universal, short-term, postnatal nurse home visiting program for all Medicaid covered/eligible infants. OHA proposes a phased-in approach over the next 3 biennia, beginning with communities of readiness.	\$ 4,056,925	\$ -	\$ 4,675,590	\$ 8,732,515	4	3.00
401b		Scaled down	7,500 families served	Reduces the number of families served in 2019-21 to 7,500 (\$700 per family at approx. 62% match). Retains program support staffing and start-up costs.	\$ 3,406,925	\$ -	\$ 3,582,186	\$ 6,989,111	4	3.00
401c		Scaled down	5,000 families served	Reduces the number of families served in 2019-21 to 5,000. Retains program support staffing and start-up costs.	\$ 2,756,925	\$ -	\$ 2,488,782	\$ 5,245,707	4	3.00
404		HPA/HP	Office of Child Health	Improving prenatal and early childhood health is a Governor's priority, as exemplified by the Governor's formation of the Children's Cabinet. This policy package would support the goals of the Children's Cabinet by creating the Office of Child Health within OHA. This office and staffing would improve OHA's ability to improve the social determinants of health and equity and long-term health outcomes in Oregon, with a focus on the prenatal through age 5 population.	\$ 562,875	\$ -	\$ 358,647	\$ 921,522	4	3.50
CCO 2.0	Insurance Code SB 1041, BHH SB 22, Reinsurance HB 2267	HPA, HSD	CCO 2.0 • POP 416 in the Governor's Budget includes \$1.1m GF and 7 positions for CCO 2 0 implementation. • As of April 2019, OHA has a clearer understanding of capacity needs for CCO 2 0 (see right). • A portion of CCO 2.0 funding for Behavioral Health Homes is included in POP 411 (below).	The Oregon Health Authority (OHA) is committed to furthering health system transformation both in Coordinated Care Organizations (CCOs) and by spreading transformation to additional markets. At the direction of the Governor, OHA is undertaking a significant advancement of the coordinated care model in Medicaid (dubbed CCO 2.0). In preparation for a new procurement of CCOs in 2019 and 2020, the Governor has asked the Oregon Health Policy Board to focus on four areas to further transformation within CCO 2 0: improving the behavioral health system, increasing the use of value-based payments, controlling costs, and addressing CCO members' social determinants of health. Significant policy development work will take place over the next several years that will need to be staffed and supported by OHA, including work on prescription drug costs, long-term financing of health care, strategies for better leveraging the state's purchasing power to advance transformational efforts, maintaining access to coverage, and ensuring a stable private health insurance marketplace.	\$ 3,600,229	\$ 180,767	\$ 3,417,222	\$ 7,198,218	28	16.92
405	HB 2270	PHD	Public Health Modernization	The 2013 Legislature set the state on a path to create a modern public health system (HB 2348) and established the Task Force on the Future of Public Health Services to develop legislative recommendations. The 2015 & 2017 legislative assemblies affirmed their commitment by adopting a new framework for public health in Oregon (HB 3100 & HB 2310), which requires public health authorities to ensure essential public health protections are in place for everyone in the state through robust, outcome-driven and accountable services. POP 405, as proposed in the Governor's Budget, would create a system of key programs in state, local and tribal public health authorities to address communicable disease, emergency preparedness and environmental public health and increase accountability for health outcomes. Not funding this POP risks the progress of Oregon's nationally recognized modernization effort overall & challenges OHA's ability to meet HB 3100's timelines. Due to proposed changes to HB 2270, funding for PH modernization is no longer linked to a tobacco tax; any additional funding for PH modernization would require a General Fund increase. The increase would provide funding for Tribal Health Providers, Urban Indian Health Programs, Regional Health Equity Coalitions, culturally & community-specific programs, and state & local public health programs to address youth & adult prevention and cessation of tobacco & nicotine, tobacco-related health disparities, and the prevention and management of chronic disease related to tobacco and nicotine. In 2021-23, the need would roll-up to \$39 million.	\$ 13,600,000	\$ 	\$ 343,287	\$ 13,943,287	6	1.50
411	(BHH, SB 22); (MHCAG SB 138)	HPA/OHIT	Behavioral Health System Investments	Improving the Behavioral Health system is one of the Governor's top priorities for Oregon's Coordinated Care Organization (CCO) 2.0 process. This policy package would invest in a more connected behavioral health system by providing incentives for investments in foundational technology to advance integration, adapting the primary care home model to advance integration within behavioral health settings, and improving access to evidence-based pharmaceutical treatments and practice guidelines to improve health outcomes of individuals experiencing mental illness. This POP also continues the Mental Health Clinical Advisory Group's effort to make recommendations to the Pharmacy & Therapeutics committee on treatment of mental illness including medications.	\$ 5,406,573	\$ -	\$ 328,623	\$ 5,735,196	4	3.50
411b		Component	Electronic Health Records Incentive Program - \$75,000 for 60 BH orgs	Funds to establish a 4-year BH EHR Incentive Program to encourage and support licensed BH agencies' investments in EHRs and other-related HIT. Includes \$238,000 for OPA 4 position, \$250,000 for technical assistance, and \$4.5m for incentive payments to 60 BH organizations (\$75,000 per org). An additional \$4.5m would be disbursed in 2021-23 to support a total of 120 BH organizations.	\$ 4,987,676	\$ -	\$ -	\$ 4,987,676	1	0.88
411c		Component scaled down	Electronic Health Records Incentive Program - Reduced payments or recipients by 1/3	Reduces program to either \$50,000 for 60 BH orgs <u>OR</u> \$75,000 for 40 BH orgs. Retains funding for OPA 4 position and \$250,000 for technical assistance.	\$ 3,487,676	\$ -	\$ -	\$ 3,487,676	1	0.88
411d	SB 22	Component	Behavioral Health Homes	Funds to conduct reviews of programs in accordance with BHH standards. Clinics that meet the standards will receive formal recognition as meeting those standards. It includes two positions (Program Analyst 3 & Compliance Specialist 3) to contract with subject matter experts to provide technical assistance (\$156,000).	\$ 325,592	\$ -	\$ 235,318	\$ 560,909	2	1.75
411e	SB 138	Component	Mental Health Advisory Group	Continues the Mental Health Clinical Advisory Group's effort to make recommendations to the Pharmacy & Therapeutics committee on treatment of mental illness including medications.	\$ 93,306	\$ -	\$ 93,306	\$ 186,611	1	0.88

POP #	Bill	Program Area	Policy Option Package Title	Description	General Fund	Other Funds	Federal Funds	Total Funds	POS	FTE
414		HSD-Admin	MOTS COMPASS System Modernization & Completion	OHA's behavioral health data currently exists on a variety of outdated systems and platforms that are unreliable and disconnected from other agency data. These systems significantly limit the authority's ability to meet federal and state data reporting requirements, track treatment outcomes, improve service delivery, and forecast caseloads. This policy package would fund the procurement of expert contract services for the analysis, acquisition, and implementation of a standardized reporting system for behavioral health services. Once fully implemented, the reporting system would increase OHA's ability to gather data from providers; allow for the reallocation of agency information technology resources; improve collaboration between agency programs and providers; help staff identify opportunities to improve the health of Oregonians who need mental health and substance use services; bring the agency up-to-date on required state and federal reporting; and improve caseload and need forecasting.	\$ 6,739,793	\$ -	\$ -	\$ 6,739,793	2	1.76
414		Phased approach	Narrows scope for 2019-21	Narrows scope for 2019-21 to laying the groundwork for future improved systems: <ul style="list-style-type: none"> • Work on the agency-wide standardization of data dictionaries and models. • Process improvement work across HSD business units, especially contracting and behavioral health. • Other "groundwork" as approved by BH and HSD leadership. (staff would need more time to develop specifics) This approach would require continued support of existing systems and OHA would require additional funding in 2021-23 for system integration & upgrades. Risks associated with this approach: <ul style="list-style-type: none"> • Access to federal funding will be endangered, due to inability to comply with federal reporting requirements. • Inaccurate data will limit OHA's ability to effectively tell it's story to the legislature & the public due to multiple reporting methods. • Tracking and reporting failure, leading to headlines like the ones recently associated with Kepro. 	\$ 3,369,897	\$ -	\$ -	\$ 3,369,897	2	1.76
415		HSD	Expanding Hepatitis C Coverage	Expand coverage for Medicaid recipients to receive Direct Acting Anti-Viral Medications in the treatment of Hepatitis C and prepare the Oregon Health Authority for innovative approaches to Hepatitis C treatment access that involve manufacturers contributing to the solution.	\$ 10,000,000	\$ 12,307,700	\$ 85,128,200	\$ 107,435,900	-	-
413		HSD Non-Medicaid	Behavioral Health Funding Shortfall	Many mental health investments made over the last 4 years have been funded by tobacco taxes and Tobacco Master Settlement Agreement (TMSA) funds. Both revenue sources are forecasted to decrease in the 2019-21 biennium and will not be sufficient to support these services at the current level. To continue community mental health and substance abuse disorder services dependent on tobacco tax revenues and TMSA funds, this policy package requests General Fund to cover the shortfall.	\$ 9,132,500	\$ -	\$ -	\$ 9,132,500	-	-
417		PHD	State Support for Local Public Health	State Support for Public Health (SSPH) is pass-through funding provided to local public health authorities (LPHAs) to help support basic capacity for communicable disease response. The funding for SSPH was converted from General Fund in 2015-17 to fee revenue from the Oregon Medical Marijuana Program (OMMP). Due to the implementation of recreational marijuana in Oregon, OMMP fee revenues have declined significantly and the program is no longer able to fund SSPH in addition to its own program operations. This policy package requests General Fund to maintain the current funding level for SSPH for LPHAs.	\$ 5,480,601	\$ -	\$ -	\$ 5,480,601	-	-
201		DHS / IE	Integrated Eligibility / Medicaid Eligibility System Project	This POP requests resources to support the continuation of the ONE Integrated Eligibility & Medicaid Eligibility (ONE IE & ME) Project from Medicaid, Shared Services, and DAS Enterprise Technology Services. The ONE system will be a single eligibility determination system for Non-MAGI Medicaid, Supplemental Nutrition Assistance Program, Temporary Assistance for Needy Families, and Employment Related Day Care programs. These resources would support DHS' business needs and is related to the Legacy System Project DHS is undertaking to ensure functionality not assumed into the Integrated ONE system from legacy systems remains available for DHS business usage. The corresponding DHS POP would further the testing and implementation period for the Integrated ONE System for the purposes of Eligibility Determination work. DHS plans to pilot the system in Summer 2019 to be followed by a six-month implementation roll-out beginning early in 2020 and statewide roll-out by Summer of 2020. This POP would take advantage of enhanced federal funds across two federal agencies. Without this funding, DHS would not be able to continue its project in a timely manner, resulting in increased General Fund cost, federal audits, and modifications to Legacy systems. It also includes funding for Eligibility Transformation work that supports changes to DHS' delivery system..	\$ 671,490	\$ 9,589,123	\$ 1,638,121	\$ 11,898,734	45	31.00
202		Shared Services OIS/HSD	Medicaid Management Information System (MMIS) Modularity	The Centers for Medicare and Medicaid Services (CMS) requires all states to plan for and implement modular solutions supporting Medicaid using a competitive process. CMS seeks to support states in shifting away from reliance on a single solution provider and establish renewable, componentized solutions for long-term support of Medicaid. Oregon's current Medicaid Management Information System (MMIS) was implemented in 2008. The contract for the support of the MMIS with the current solution provider ends in February 2022. This policy package requests continuation of state funding to secure 90 percent federal financial participation to define Oregon's Medicaid Service Delivery strategic plan; assess other state's modularization approaches; identify options for modular solutions; understand CMS certification requirements and begin procurement activities to secure modular solution components and services to support implementation. Without this POP, the state may lose the 90 percent federal funding for planning activities in alignment with CMS requirements.	\$ 547,409	\$ -	\$ 1,677,969	\$ 2,225,378	3	3.00
418	SB 27	PHD	Fee Structure Revision for Drinking Water Services	This policy package corresponds to legislative concept 386, which revises the fee authority of Drinking Water Services and increases fee revenue to support adequate regulation of all public drinking water systems. Specifically, authority to charge an inspection (sanitary survey) fee would be replaced with an annual regulatory fee based on the number of connections served by the water system, ensuring more equitable regulation of drinking water systems. With these changes, the Drinking Water program would build capacity to regulate all public water systems equitably, ensure protection of public health and maintain the public's trust in the safety of public drinking water supplies.	\$ -	\$ 1,853,297	\$ -	\$ 1,853,297	5	5.00
419	SB 28	PHD	Fee Changes for Food, Pool and Lodging Programs	This policy package corresponds to legislative concept 387, which proposes changes to Food, Pool and Lodging inspection and licensing fees. These fees were last revised in 2003 and are not sufficient to cover the Oregon Health Authority's (OHA) costs to carry out the required regulatory work. Most inspections are performed by Local Public Health Authorities; however, OHA conducts inspections when a county transfers public health authority to OHA. Fee changes would cover OHA's costs of implementing regulatory programs directly or through contractors, establish a new fee for processing variances from food sanitation rules, and modify the fee structure for reviewing new pool/spa plans.	\$ -	\$ 64,450	\$ -	\$ 64,450	-	-
420		PHD	Toxic Free Kids Program	This policy package fulfills responsibilities described in Senate Bill 478 (2015), which requires manufacturers of children's products containing hazardous chemicals of concern for children's health to report the use of qualifying chemicals to the Oregon Health Authority and eventually remove the chemical from the product, or seek a waiver. To apply for a waiver, the manufacturer must submit an Alternatives Assessment listing a less harmful chemical substitute or an Exposure Assessment, which demonstrates the contaminant is not likely to be bioavailable to the child. This policy package would create a waiver application fee to process applications. Without this fee, the Toxic Free Kids Program will not have designated resources to review applications as required by statute.	\$ -	\$ 111,511	\$ -	\$ 111,511	-	-
421		OEBB/ PEBB	OEBB/PEBB Benefit Management System Replacement	The Oregon Educators Benefits Board (OEBB) provides a comprehensive selection of benefit plan options for most of Oregon's K-12 school districts, education service districts, and community college employees. It also administers benefit plan options for a number of charter schools and local government staff across the state. There are approximately 152,000 OEBB members. In 2008, OEBB implemented a Benefit Management System (BMS) to administer benefits to its members called "MyOEBB" based on the Public Employees' Benefit Board (PEBB) system called "pebb.benefits," implemented in 2003. Similarly, PEBB has approximately 139,000 members across the state. PEBB designs, contracts and administers a program of benefits for the state as the employer and state employees. The benefits include medical and dental coverage; life, accident, disability and long-term care insurance; and flexible spending accounts. PEBB also offers healthcare insurance options for retirees not eligible for Medicare and individuals in other participating groups. OEBB and PEBB share the goal of implementing a centralized, standardized, supportable, and scalable solution to replace both MyOEBB and pebb.benefits to provide easier enrollment, better coordination of benefits management, improved access to plan information, and enhanced integration with other tools that improve the overall customer and user experience. Both agencies must begin planning and analysis to implement a new solution by 2021.	\$ -	\$ 1,806,102	\$ -	\$ 1,806,102	4	4.00
422		HPA	Statewide Pharmacy Purchasing Implementation	This will enable the Oregon Prescription Drug Program to produce adequate analysis and oversight of existing programs and provide capacity to expand the program and adapt to the dynamic nature of pharmacy space.	\$ 418,632	\$ -	\$ 297,498	\$ 716,130	2	1.76
422b		Component	Removes consultant funding	Includes two positions (Pharmacy Manager and OPA 4) for 18 months (50GF/50FF), but removes \$120,000 GF for third party consultants to verify OHA analytics or program audits for oversight and improvement.	\$ 298,632	\$ -	\$ 297,498	\$ 596,130	2	1.76

POP #	Bill	Program Area	Policy Option Package Title	Description	General Fund	Other Funds	Federal Funds	Total Funds	POS	FTE
208		Shared Services OIS	Centralized Abuse Management System	House Bill 4151 requires the state of Oregon and the Department of Human Services as its agent, to standardize processes and technology related to abuse of vulnerable adults. Oregon's current environment for tracking, reporting, analyzing, and investigating incidents of adult abuse relies on accessing information from nine distinct systems or data sources. Additionally, local offices have created their own one-off mechanisms for supporting abuse investigation processes, further complicating and decentralizing information. Existing systems limitations include the inability to search across program populations, inhibiting the ability to track perpetrators and victims over time and between populations. This heightens the risk of not capturing all abuse allegations. This POP requests General Fund to implement ongoing maintenance and additional enhancements to build upon the capabilities of a base system implemented in the 2017-19 biennium, for an integrated solution, which meets House Bill 4151 criteria and helps protect vulnerable Oregonians. Not funding this POP will limit Oregon's ability support the system after Go-Live.	\$ -	\$ 446,578	\$ -	\$ 446,578	2	2.00
409		HPA	Develop Opioid Alternate Pain Education Modules & Expand Resources for Substance Abuse Disorders Analysis	Opioid addictions and other substance use disorders have been declared a public health crisis and priority by the Governor. This POP would address the opioid crisis by expanding training for providers pertaining to appropriate opioid prescribing and other approaches to pain management as well as additional technical resources. Specifically, this POP would: • Enable the Oregon Pain Management Commission to build, maintain and promote 4-6 pain education modules per biennium (building on their existing, nationally-recognized 2018 pain module). These modules would aim to change the risky prescribing practices contributing to the opioid use disorder emergency and promote effective approaches for pain management. In addition, they would promote up-to-date understanding of pain management strategies among patients and the public. • Enable OHA to add technical resources to perform additional analysis of prevalence, treatment and health impacts of substance use disorders and chronic pain conditions, especially opioid use disorder.	\$ 312,700	\$ -	\$ 71,834	\$ 384,534	1	0.88
409b		Component	Pain Education Modules	Includes half-time RA 3 position to allow Pain Management Coordinator to fully focus on the commissions' educational efforts. Eliminates 0.5 FTE of RA 3 position for added technical resources to perform additional analysis.	\$ 278,147	\$ -	\$ 35,917	\$ 314,064	1	0.44
			Total		\$ 87,821,016	\$ 26,359,528	\$ 111,001,475	\$ 225,182,019	113	80.46

Holly Heiberg
Oregon Health Authority
Government Relations Director
971-207-7767

From: [Allen Steven J](#)
To: [EDLUND Tina * GOV](#)
Cc: [DOLPH ANNALIESE](#); [STANTON MARGIE C](#); [ALLEN Patrick](#); [ENGLAND SAEROM Y](#)
Subject: Changes to county behavioral health funding letter
Date: Thursday, May 2, 2019 3:01:09 PM
Attachments: [300419_Final_County_budget_letter \(DAJ\) \(SJA\).docx](#)

Hi Tina

Was great to see you again this morning. I want to alert you to an action I plan to take before the weekend that is likely to cause some concern with county stakeholders.

As you are aware, OHA provides substantial pass-through monies to Oregon's Local Mental Health Authorities. The contracts typically go out to the counties around this time and we have delayed sending them out for several reasons:

- There is an \$18M reduction in the available funds related to how the funding has been indexed to civil commitment and PSRB caseloads. These numbers have been going down in recent years.
- With legislative support, OHA is implementing a new standardized rate structure for residential services. This involves moving GF monies to Medicaid which further impacts available GF monies for this pass-through.
- The result of these two changes would result in a 20% reduction in some service elements, barring further action.

Rather than restructuring the existing contracts based on these reductions, I am advocating to revisit the contracting process with several goals:

- Revisit the formula taking into account changes in need for community services (i.e., the dramatic increase in aid and assist cases)
- Revisit what we are paying for with the pass through funding, given the changes in CCO 2.0
- Solidify roles and responsibilities through the contracting process between the CCO's and the CMHP's
- Improve clarity and accountability
- Improve efficiency in the contracting process where practical

I think the timing is good as the new BH Director to take a fresh look at all of these processes. We plan to engage in a robust process during the next 6 months to review and chart out next steps. We will also have a clearer understanding of our community needs and available resources by then.

I've attached the most recent draft of the letter we plan to send out to the counties around noon tomorrow. We plan to connect with key legislators and AOCMHP prior to the letter going out.

Please let us know if you have questions or concerns.

Best,

Steve

Steve Allen

Behavioral Health Director

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Date: July 26, 2019

To: Local Mental Health Authorities (LMHAs)

From: Steve Allen, director
Behavioral Health Program, Health Systems Division

Subject: Contract updates

County Mental Health Programs (CMHPs) play a critical role in the Oregon behavioral health system. The Oregon Health Authority (OHA) recognizes and is grateful to the services and supports you provide to Oregon's vulnerable adults, children and families.

We are writing to notify you that we will be executing six-month contracts for behavioral health services mental health and substance use disorder programming while we work with you, our behavioral health stakeholders and partners to assess the status of the contracting and funding structures and determine the best path for funding non-Medicaid state contracted behavioral health services in the future. As the new state behavioral health director, I want to take this opportunity to review our current processes and identify strengths and opportunities for improvement to ensure we are best meeting the needs of Oregonians weaknesses.

The aspects I'd like to discuss with you and our partners include:

- Contract structure;
- Roles and responsibilities among CMHPs, coordinated care organizations and other partners;
- Data requirements; and
- Accountability for health outcomes and cost-effectiveness.

OHA will directly engage CMHPs and other stakeholders to receive input on the future direction of and investments in the community behavioral health system. We will keep you informed of opportunities to be a part of this process.

Why is this happening?

Oregon's health care systems are in the midst of a broad transformation. As you are aware, we are implementing the next phase of CCO contracts. Civil commitments and cases under the jurisdiction of the Psychiatric Security Review Board are declining and impacting the current funding formula while aid-and-assist cases have rapidly increased. We are also implementing a new standardized rate structure for adult mental health residential providers. Addressing these new opportunities and challenges successfully will require further strengthening of community programs and revisiting funding formulas that better fit community needs.

What should you do?

Commented [JDA1]: Is this a continuation of an existing contracting structure or is this 6month contract new? Regardless can we provide more details about the six months?

Commented [ASJ2]: Per Mick, the CHOICE contracts will also be affected so simplifying the language here to cover all the bases

Commented [JDA3]: Do any of these contracting structures impact Tribes? If so, even peripherally, can we please be sure to engage Julie and talk to her about what needs to be communicated or if there is any sort of consultation that needs to occur?

Steve: I'm meeting with Julie this afternoon and will consult with her. Any information before hand would be helpful

If you have questions about this topic, please join us for a conference call with OHA leaders at 9 a.m. Friday, May 10. To join, please email my executive assistant Julie Earnest at Julie.Earnest@dhsosha.state.or.us by 5 p.m. Tuesday, May 7.

Thank you for your continued support of the Oregon mental health system and the services you provide to vulnerable Oregonians.

From: [Cowie Robb](#)
To: [EDLUND Tina * GOV](#); [MORAWASKI Lisa M * GOV](#)
Cc: [Jagger Dawn A](#); [ALLEN Patrick](#)
Subject: FOR REVIEW: op-ed on homeless and mentally ill
Date: Thursday, May 2, 2019 3:10:17 PM
Attachments: [Homeless mentally ill joint oped 05012019.docx](#)

Here's a draft op-ed from the Governor and Director Allen calling for the decriminalization of people who are homeless and mentally ill, in the context of the Washington County case related to the Oregon State Hospital. Let me know if you have edits or questions. Thanks for your review.

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It's time to stop the criminalization of the homeless mentally ill

Gov. Kate Brown and Patrick Allen

No matter where we live, we've seen it happen, too many times: A person with severe mental illness is on the street and in distress. They're afraid. They're acting erratically. Someone calls law enforcement and soon a treatable episode turns into the trauma of an arrest, a booking and a jail stay. This frustrating situation is no better for local justice officials, who feel at a loss themselves because they lack the tools to serve the growing number of mentally ill homeless people they encounter each day. Too often, the simplest answer for local officials is to send defendants to the Oregon State Hospital – yet at cost of more than \$1,300 per day, these decisions are turning the state's premier psychiatric treatment facility into its most expensive homeless shelter.

The criminalization of people who are homeless and mentally ill must stop. It's time for state and local leaders to adopt more effective solutions that keep people with mental illness out of jail and the state hospital and keep them housed and stable in their own community.

The crisis came to a head this week when a Washington County court considered holding the state of Oregon in contempt of court for not admitting a defendant to the Oregon State Hospital for a psychiatric evaluation. The state is contesting this case because orders like this one are symptoms of the crisis, not solutions.

The Oregon State Hospital is straining to maintain a safely manageable patient population due to the criminalization of the homeless and mentally ill:

- Today there are 263 patients at the Oregon State Hospital who are defendants that local jurisdictions committed because they are unable to “aid or assist” in their own defense in criminal proceedings due to their mental illness. (These defendants now account for more than 4 in 10 state hospital patients.)
- Last year, 60 percent of these defendants were homeless at the time of their arrest.
- Of the current 263 ‘aid and assist’ defendants at the hospital, 30 percent are facing misdemeanor charges.

The real solution is to expand treatment and housing options for people with severe mental illness in the communities where they live. As one police officer recently said, “I want to try 10 things before taking a person who's having a mental health crisis to jail. The problem is: I don't know what those ten

things are – beyond the emergency room or the Oregon State Hospital.” All of us in government – from state leaders to county judges – owe that officer, and the people with mental illness he’s trying to serve, better solutions than he has now.

We know state-county collaboration can work. In 2017, the state distributed more than \$10 million in grants to support mobile crisis teams in communities around the state, which intervened to help 3,800 Oregonians in acute mental distress. Each year, state-funded programs divert thousands of people with severe mental illness out of local jails and into treatment.

Yet many counties continue to send homeless mentally ill defendants to the state hospital at disproportionate and unsustainable rates. The state is taking steps to address the underlying causes of homelessness and expand treatment for people with mental illness:

- **Decriminalizing mental illness:** The Governor’s budget proposed increased funding for counties to expand local treatment and evaluation options that treat, not criminalize, mental illness.
- **Helping people most at-risk:** State leaders convened the Behavioral Health Justice Reinvestment Initiative, which would invest more than \$180 million over 3 years to expand community-based treatment for people with severe mental illness who frequently cycle in and out of jails, hospital emergency rooms and other acute and costly services.
- **Expanding supportive housing:** Oregon Housing and Community Services is seeking \$54.5 to develop supportive housing for people experiencing chronic homelessness and who are mentally ill, which would bring stability to their lives and prevent more people from winding up in the justice system and or the state hospital.

We can end the criminalization of the homeless and mentally ill if we have clarity to see the underlying problems, the courage to try new approaches and the compassion to find common solutions. We need legislative support to achieve these reforms.

It’s been done before. More than a decade ago, the Oregon State Hospital was in disrepair. Photos of worn copper canisters containing the ashes of cremated patients stacked in anonymous storerooms symbolized the neglect Oregon’s mental health consumers and families had endured for decades.

No more. With moral urgency and strong legislative leadership, the state hospital was transformed into a state-of-the-art facility that outside experts have hailed as one of the best psychiatric facilities in the nation.

We need the same moral urgency to address the criminalization of people who are homeless and mentally ill. That's the best way to ensure that the Oregon State Hospital can continue to serve patients from every community in Oregon, help them recover and support their successful return to the community.

From: [Cowie Robb](#)
To: [Jagger Dawn A](#); [MATTEUCCI DOLORES](#); [MORAWSKI Lisa M * GOV](#); [ALLEN Patrick](#); [EDLUND Tina * GOV](#)
Subject: UPDATED: state hospital op-ed
Date: Friday, May 3, 2019 3:20:19 PM
Attachments: [Homeless mentally ill joint oped 05012019 gw.docx](#)

Here's an updated op-ed on the state hospital incorporating DOJ edits. Thanks for your review and feedback.

Robb Cowie
Communications Director
External Relations Division
Oregon Health Authority
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It's time to stop the criminalization of the homeless mentally ill

Gov. Kate Brown and Patrick Allen

We've seen it happen too many times: A person with severe mental illness is on the street and in distress. They're afraid. They're acting erratically. Someone calls law enforcement. Soon a treatable episode turns into the trauma of an arrest, a booking and a jail stay. This frustrating situation is no better for local justice officials, who frequently lack the tools to serve the growing number of mentally ill homeless people they encounter each day. Too often, the simplest answer for local officials is to send defendants to the Oregon State Hospital – at a cost of more than \$1,300 per day. These decisions are turning the state's premier psychiatric treatment facility into its most expensive homeless shelter.

The criminalization of people who are homeless and mentally ill must stop. It's time for state and local leaders to adopt more effective solutions that keep people with mental illness out of jail and out of the state hospital and keep them housed and stable in their own communities.

The crisis came to a head last week when a Washington County court considered holding the state of Oregon in contempt of court for not admitting criminal defendants to the Oregon State Hospital quickly enough. Cases like this are symptoms of the crisis, not solutions.

Oregon State Hospital is straining to maintain a safely manageable patient population due to the criminalization of the homeless and mentally ill:

- Today there are 263 patients at Oregon State Hospital who were committed by local courts because they were unable to “aid and assist” in their own defense in criminal cases due to their mental illness. (These defendants now account for more than 4 in 10 state hospital patients.)
- Last year, 60 percent of these defendants were homeless at the time of their arrest.
- Of the current 263 “aid and assist” defendants at the hospital, 30 percent are facing misdemeanor charges.

The real solution is to expand treatment and housing options for people with severe mental illness in the communities where they live. As one police officer recently said, “I want to try 10 things before taking a person who's having a mental health crisis to jail. The problem is: I don't know what those 10 things are – beyond the emergency room or the Oregon State Hospital.” All of us in government – from

state leaders to county judges – owe that officer, and the people with mental illness he’s trying to serve, better solutions.

We know state-county collaboration can work. In 2017 the state distributed more than \$10 million in grants to support mobile crisis teams in communities around the state, which intervened to help 3,800 Oregonians in acute mental distress. Each year, state-funded programs divert thousands of people with severe mental illness out of local jails and into treatment.

Yet many counties continue to send homeless mentally ill defendants to the state hospital at disproportionate and unsustainable rates. To address the crisis, the state is taking steps to address the underlying causes of homelessness and expand treatment for people with mental illness:

- **Decriminalizing mental illness:** The Governor’s budget proposes increased funding for counties to expand local treatment and evaluation options that treat, not criminalize, mental illness.
- **Helping people most at risk:** State leaders convened the Behavioral Health Justice Reinvestment Initiative, which would invest more than \$180 million over three years to expand community-based treatment for people with severe mental illness who frequently cycle in and out of jails, hospital emergency rooms and other acute and costly services.
- **Expanding supportive housing:** Oregon Housing and Community Services is seeking \$54.5 million to develop supportive housing for people experiencing chronic homelessness and who are mentally ill, which would bring stability to their lives and prevent more people from winding up in the justice system or the state hospital.

We can end the criminalization of the homeless and mentally ill if we have the compassion to act, the courage to try new approaches and the commitment to find common solutions. But we need legislative support to achieve these reforms.

It’s been done before. More than a decade ago, Oregon State Hospital was in disrepair. Photos of worn copper canisters containing the ashes of cremated patients stacked in anonymous storerooms symbolized the neglect people with severe mental illness and their families had endured for decades.

No more. With moral urgency and strong legislative leadership, the state hospital was transformed into a state-of-the-art facility that outside credentialing experts have hailed as one of the best psychiatric facilities in the nation.

We need the same moral urgency to address the criminalization of people who are homeless and mentally ill. We need more early intervention, treatment and housing that break the jail-to-state-hospital cycle. That's the best way to ensure that Oregon State Hospital remains a high-performing care center that can treat people from every community in Oregon who truly need hospital-level care, help them recover, and support their successful return home.

From: [MORAWSKI Lisa M * GOV](#)
To: [ISAAK Misha * GOV](#); [PAIR Chris * GOV](#)
Cc: [EDLUND Tina * GOV](#)
Subject: FW: state hospital op-ed
Date: Friday, May 3, 2019 5:26:32 PM
Attachments: [Homeless mentally ill joint oped 05012019 gw.docx](#)

Hi Misha and Chris,

Can you review this op-ed from OHA on the state hospital situation? Tina and I reviewed, and we like it overall. I think it needs to be tightened up, particularly at the end, but I like the approach and message.

Thanks,

Lisa

Lisa Morawski
Interim Press Secretary
Office of Governor Kate Brown
Mobile: 503-569-2482

From: Cowie Robb <robb.cowie@state.or.us>
Date: Friday, May 3, 2019 at 3:20 PM
To: JAGGER DAWN A <dawn.jagger@state.or.us>, MATTEUCCI DOLORES <dolores.matteucci@state.or.us>, MORAWSKI Lisa M * GOV <Lisa.M.Morawski@oregon.gov>, ALLEN Patrick <patrick.allen@state.or.us>, EDLUND Tina * GOV <Tina.EDLUND@oregon.gov>
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